

MID-CONTINENT BANKER

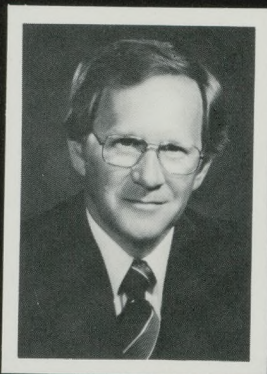
(ISSN 0026-296X)

The Financial Magazine of the Mississippi Valley & Southwest

MARCH, 1982

“Increased productivity is the key to bank profits in the 1980s. Banks that survive the turbulence of re-regulation will be those institutions that come to the marketplace with the best products and services delivered when, where and how the consumer wants them.

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the difference between red and black ink on many a bottom line.”

George D. Norton
Chairman
Bank Administration Institute
See Page 17

**Banks Report IRA Sales
In MCB Surveys
(Page 44)**

Now you can join Liberty's statewide ChecOKard network ...even if you do your own processing.



Your customers can enjoy the convenience — and you the advantages — of ChecOKard's network of ATMs (more than 100 now, and growing), regardless of whether your processing is done internally or externally.

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It's as uncomplicated as that.

Call Liberty (405/231-7186) and let our data people explain details of this forward step in the ChecOKard ATM network.

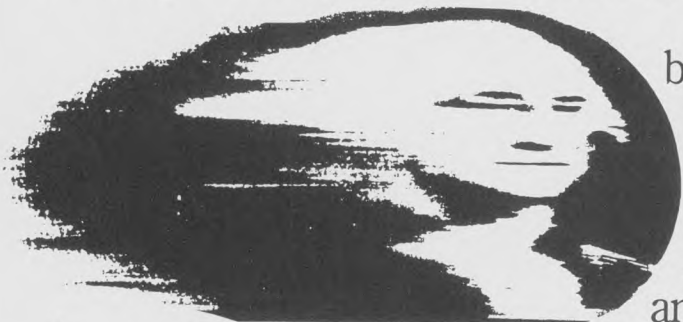
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MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Volume 78, No. 3

March, 1982

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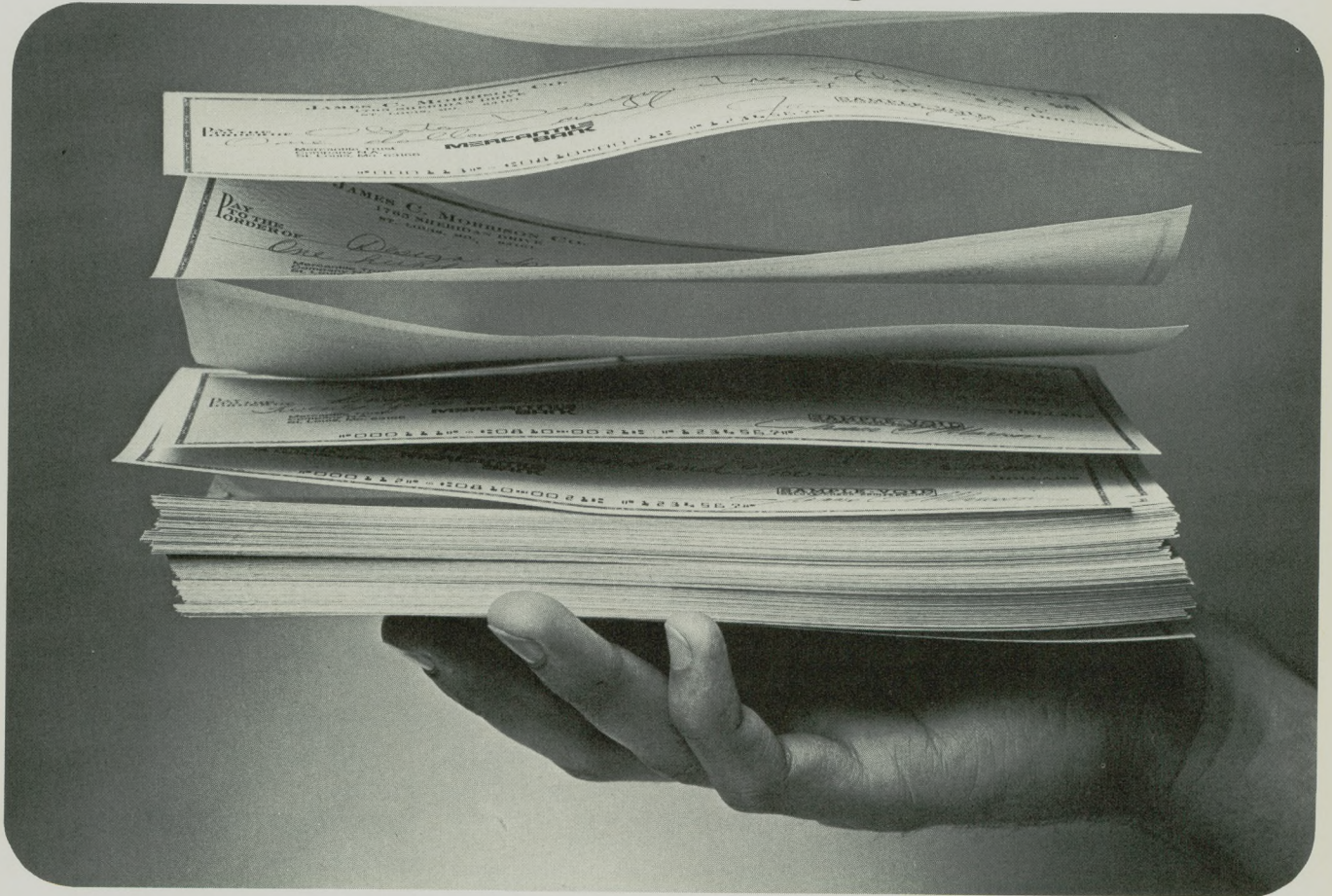
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Convention Calendar

- March 21-24: ABA National Installment Credit Conference, Dallas, Loew's Anatole.
- March 21-24: ABA Trust Operations/Automation Workshop, Atlanta, Hyatt Regency.
- March 21-24: Bank Marketing Association Advertising Conference, New York City, Sheraton Centre, New York.
- March 21-25: Bank Administration Institute Bank Auditors Conference, Hollywood, Fla., Diplomat.
- March 22-26: Bank Marketing Association Essentials of Bank Marketing School, University of Georgia/Athens.
- March 23-26: Bank Administration Institute Check Processing Conference, New Orleans, Marriott Hotel.
- March 28-31: ABA Southern Regional Bank Card Conference, Atlanta, Omni International.
- April 2-6: Louisiana Bankers Association Annual Convention, New Orleans, New Orleans Hilton.
- April 3-6: Association of Reserve City Bankers Annual Meeting, Phoenix, Arizona Biltmore.
- April 3-8: Bank Marketing Association Management School of Bank Marketing, Athens, Ga., University of Georgia.
- April 13-16: Bank Administration Institute Accounting/Finance Conference, Orlando, Fla., Hyatt Regency Orlando.
- April 18-20: Conference of State Bank Supervisors Annual Convention, New Orleans, Fairmont Hotel.
- April 18-20: Consumer Bankers Association Central/Western States Regional Meeting, Lexington, Ky., Lexington Marriott.
- April 18-21: Bank Marketing Association Video Communications/Training Workshop, St. Louis, Marriott Pavilion Hotel.
- April 18-21: Bank Marketing Association Marketing Research Conference, Atlanta, Colony Square.
- April 18-23: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
- May 2-5: Bank Marketing Association Public Relations/Communications Conference, New Orleans, Fairmont Hotel.
- May 2-6: Alabama Bankers Association Annual Convention, Lake Buena Vista, Fla., Disney World, Contemporary Hotel.
- May 2-13: ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.
- May 3-6: Annual Premium Incentive Show, New York City, Coliseum.
- May 9-12: Oklahoma Bankers Association Annual Convention, Oklahoma City, Sheraton-Century Center.
- May 9-12: Tennessee Bankers Association Annual Convention, Atlanta, Peachtree Plaza Hotel.
- May 11-14: ABA Northern Regional Bank Card Conference, Chicago, Hyatt Regency Chicago.
- May 12-14: Association of Bank Holding Companies Annual Meeting, San Antonio, Tex., Hyatt Regency.
- May 13-15: Missouri Bankers Association Annual Convention, St. Louis, Stouffer's Riverfront Inn.
- May 13-15: Texas Bankers Association Annual Convention, Dallas, Loew's Anatole Hotel.
- May 15-18: Arkansas Bankers Association Annual Convention, Hot Springs, Arlington Hotel.
- May 16-18: Bank Administration Institute Bank Tax Conference, New Orleans.
- May 16-19: ABA National Conference on Real Estate Finance, Washington, D. C., Capital Hilton.
- May 16-19: Bank Marketing Association Corporate Marketing Conference, Tarpon Springs, Fla., Innisbrook Resort.
- May 17-18: ABA Insurance Industry Conference, Washington, D. C., Washington Marriott.
- May 17-19: Bank Administration Institute Bank Tax Conference, New Orleans, New Orleans Hilton.
- May 19-21: Kansas Bankers Association Annual Convention, Wichita, Wichita Royale Hotel.
- May 20-23: Mississippi Bankers Association Annual Convention, Biloxi, Broadwater Beach/Biloxi Hilton Hotels.
- May 23-26: ABA National Marketing Conference, San Francisco, Hyatt Regency Hotel.
- May 23-28: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
- May 23-25: Bank Marketing Association Essentials of Bank Marketing School, Boulder, Colo., University of Colorado.

MID-CONTINENT BANKER for March, 1982

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MID-CONTINENT BANKER for March, 1982

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The Banking Scene



By Dr. LEWIS E. DAVIDS
Illinois Bankers Professor of Bank Management
Southern Illinois University, Carbondale

The Gold Standard Revisited

FROM THE EARLY 1930s to 1980, the consensus of economists and monetary theorists was that the classical gold standard was a dead duck. It's true that the U. S. has been on a limited gold standard from the 1930s, but it was so limited that Americans didn't have the right to convert paper currency into gold on a paper-dollar-for-gold-dollar basis.

A small but growing voice is being heard in Washington that the U. S. should return to the classical gold standard.

While we have hundreds of tons of gold in Fort Knox, any reasonable correlation of the value of that gold to the value of the existing paper-money supply shows that the fraction of bullion available to be coined and converted into money is most modest.

It's appropriate to describe what the conventional gold standard is. It certainly is the most respected— but hardly the typical—standard of the world.

There are four general types of gold standards. First, there is a gold-coin standard, where the coin of gold is the unit of measurement. The second is what is called the gold-bullion standard. A third is a variation of the gold-bullion standard called managed-gold standard. And the fourth is the gold-exchange standard.

Some amplification is in order.

Under the gold-coin standard, a fixed-gold content is established for the monetary unit. For example, prior to 1934 when the U. S. was on a gold-coin standard, the dollar was valued at

23.22 pure gold grains. Under the classical gold-coin standard, the government is prepared to mint gold bullion into coins for the general public. Therefore, free coinage or not paying a premium for coinage, is a characteristic of this standard. However, there may be an assay or coinage charge based on the cost of processing, but this isn't what is technically known as a seigniorage charge.

A fixed relationship is established between the monetary unit and a fixed quantity of gold. The monetary unit is equal in value to the gold bullion contained therein.

Individuals can do as they wish with their gold — be it coins or bullion. They can export it, hoard it, or use it for any personal or business purpose.

Another aspect of the gold-coin standard is that the credit money — that is, the paper money — is only partially backed by a gold reserve, but is redeemable in gold coin. This concept forces a discipline on the government to keep paper money — or credit money — in such a limited supply that sufficient gold reserves must be on hand to redeem it. This is one of the major difficulties of implementing a gold-coin standard.

The fact is that, while we have hundreds of tons of gold in Fort Knox, any reasonable correlation of the value of that gold to the value of the existing paper-money supply shows that the fraction of bullion available to be coined and converted into money is most modest.

The gold-bullion standard is similar to the gold-coin standard: Money is given a fixed gold content. For example, in 1934 the U. S. adopted a modified version of a managed gold-bullion standard under which the dollar was valued at 13.714 grains of gold, or \$35 an ounce. Those who listen to TV news programs know that for a number of

years quotations have been at least 10 times that figure. Under the gold-bullion standard, the government buys and sells all offerings of gold at a fixed price. Thus, it is willing to buy or sell.

The major factor in the gold-bullion standard is that the government will not sell gold freely except in substantial amounts, such as a gold bar or brick, which today would cost tens of thousands of dollars.

Thus, while technically the public is permitted to buy, as a practical matter,

The gold-bullion standard makes gold bars that meet certain criteria legal tender for all obligations, public and private. In practice, it tends to mean that these gold bars are restricted to use by financial institutions and government agencies.

only wealthy individuals or institutions can acquire gold from the government as bullion. However, once acquired, the gold may be hoarded, sold, used for industrial purposes and for the discharge of debts.

One interesting facet: The government accepts credit or paper money in exchange for the gold-bullion standard and this in turn tends to make the paper money — or credit money — circulate at the exchange rate. The gold-bullion standard makes gold bars that meet certain criteria legal tender for all obligations, public and private. However, in practice, these gold bars are restricted to use by financial institutions and government agencies.

As mentioned previously, in 1934
(Continued on page 62)

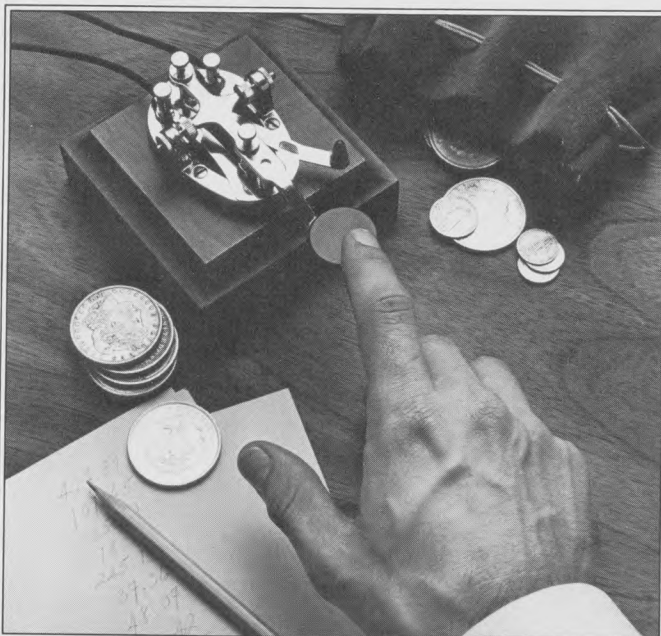
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MID-CONTINENT BANKER for March, 1982

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Deficit Fact and Fiction

EDITOR'S NOTE: The following article is reprinted with permission of Harris Bank of Chicago's economic research office. The article appeared in the February issue of Barometer of Business, Harris Bank's monthly economic bulletin.

PERSISTENT FEARS of large deficits in current and future years continue to influence behavior of interest rates. In many cases, these fears are largely unfounded. First, the power the deficit holds over the economy is largely misunderstood and, as a result, substantially overrated. Second, budget deficits are likely to be significantly smaller than the whopping consensus estimates of \$150 billion — \$160 billion for fiscal years 1983 and 1984.

It is important, however, to bear in mind the effects of fears and expectations on credit markets. In the short run, the fear that tremendous budget deficits could cause high inflation and high interest rates in the future may keep interest rates high — this is evident in the apparent response of bond prices to gloomy deficit news. However, over time, expectations will change in response to economic realities. Those who continue to finance business operations at interest rates of 15% to 20% will find profitability decreasing as slower inflation and a weak economy combine to keep nominal spending growth in the 5%-to 10%-range. The result should be downward pressure on interest rates in the period ahead.

Fears that surround the deficit stem partly from the following economic myths and half-truths:

Myth No. 1 — Budget deficits are inflationary because the Federal Reserve must print money to finance them.

It's true that if the Fed chooses to purchase large amounts of new federal debt to help finance the budget deficit, monetary reserves expand; money growth accelerates, and we are faced with rising inflation and high interest rates down the road. However, the extent to which the deficit is monetized is largely up to the Fed's discretion. As long as the Fed adheres to a reasonable

Fiscal Year	Unified Budget Deficit	New Federal Borrowing From Public ¹	Federal Debt Purchased by Federal Reserve	Percentage of New Federal Borrowing Monetized
1970	\$ -2.9	\$ 5.1	\$ 3.6	70.6%
1971	-23.0	19.2	7.8	40.6
1972	-23.4	18.5	5.8	31.4
1973	-14.9	19.2	3.7	19.3
1974	- 4.7	3.0	5.5	183.3
1975	-45.2	50.8	4.3	8.5
1976	-66.4	82.9	9.7	11.7
1977*	-57.9	71.9	10.3	14.3
1978	-48.8	58.8	10.1	17.2
1979	-27.7	33.6	0.7	2.1
1980	-59.6	70.5	5.3	7.5
1981	-57.9	79.3	3.6	4.5

¹New Federal Borrowing includes all interest bearing debt issued by the federal government less that held by U.S. government accounts.

*Includes the transition quarter. Dollar amounts in billions.

Chart courtesy economic research office, Harris Bank, Chicago.

target range for money growth, the deficit should not prove inflationary. Historical data, included in the accompanying table, provide little evidence of a correlation between large borrowing needs of the federal government and large Fed purchases of debt in a given year.

Myth No. 2 — Larger government credit demands result in higher interest rates that "crowd out" private borrowers.

The major assumption behind this argument is that the pool of savings from which private firms and government may borrow is fixed, meaning the presence of government in the credit markets represents increasing demand for a limited supply of funds and, hence, higher interest rates.

In fact, the Economic Recovery Act of 1981 (ERTA) is designed to stimulate economic growth by increasing funds available for investment in productive plants and equipment. If past tax cuts are any indication, we should expect savings as a percent of disposable income to increase, making more funds available to private industry and government alike. It is estimated that, at current levels of disposable income, each percentage-point increase in the savings rate increases funds available for investment by \$20 billion. By increasing the size of the "pie," larger government credit demands can be accommodated without affecting private borrowers. Furthermore, as personal tax cuts stimulate consumer

spending and increase business profitability, more private-sector funds will be generated internally. This should decrease the reliance of business on credit markets, again making room for greater government credit demands.

Myth No. 3 — We may expect budget deficits of \$150 billion to \$160 billion in coming years.

Projections of \$150-billion deficits do not include new spending cuts the Administration is struggling to find. Moreover, although ERTA is estimated to result in foregone federal revenues of \$93.1 billion in 1983 and \$149.5 billion in 1984, a portion of this loss should be recouped as a result of the stimulative effect of the tax change on behavior of individuals. The higher after-tax return on additional income resulting from a decrease in marginal tax rates should encourage individuals to work, save and invest more in taxable activities, thereby providing the government with a larger income base from which to generate tax revenues.

In addition, as serious efforts are made to reduce further the burden of government spending, productive elements of the economy will be allowed to reap a greater share of its benefits, spurring increased productivity and boosting real growth.

As the economy begins to feel the effects of the tax cut, a portion of the tax loss due to ERTA should be offset. Each 1% increase in real GNP above forecast levels has been estimated to narrow the deficit by about \$8 billion, while each percentage-point decline in unemployment could save up to \$25 billion.

For the short run, the prospect of burgeoning deficits, fears that a speedup of inflation will accompany them and uncertainty endemic to a volatile economic climate can be expected to keep interest rates at relatively high levels.

However, as expectations change to reflect the realities of slowing inflation and a weak economy, interest rates should drop to more reasonable levels. As the economy picks up steam, actual budget deficits for the longer term should prove much less problematic than has been anticipated. ●●



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Selling/Marketing

13,000 ATM Demonstrations Given in One-Day Event By Liberty of Okla. City

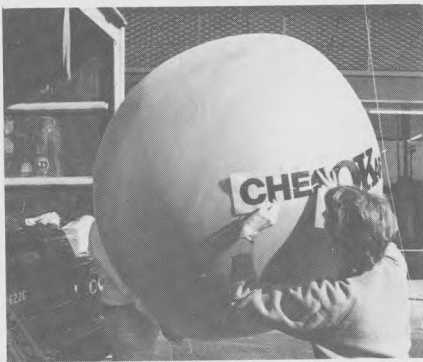
When it comes to demonstrating the ease of using ATMs on a large scale, nobody outdoes the people at Liberty National, Oklahoma City! The bank utilized 200 demonstrators, eight-foot helium-filled balloons, prizes and giveaways to attract customers to 79 ATM locations throughout Oklahoma on "ChecOKard Demonstration Day." Nearly 13,000 people participated in the demonstrations.

Demonstrators were attired in black cowboy hats and black and gold western costumes. Two demonstrators were assigned to each ATM to help people through transactions or answer questions. All participants not having ChecOKards were given applications for the cards.

Nineteen ChecOKard banks par-

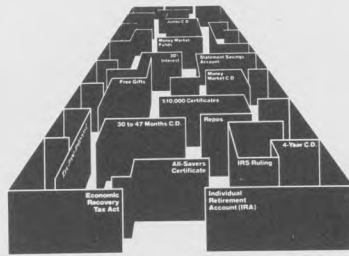


Two ChecOKard demonstrators in western hats explain use of ATM to customers in department store as part of one-day program by Liberty Nat'l, Oklahoma City, to acquaint public with ATMs.



Linda Moore, marketing a.v.p. at Liberty Nat'l, Oklahoma City, affixes ChecOKard label to helium balloon. A balloon was hoisted 40 feet above each of 79 ATM locations throughout Oklahoma to attract public to ATM demonstrations.

'Mess Kits' Offered



Looking for some financial direction?

Send for the uncomplicated facts from The County Banks.

In the past few months, many different types of new savings plans and programs have appeared. So much so that even the most sophisticated investor and financial planner are confused. The County Banks can help you understand the benefits of each market plan. You can get the facts in a straight forward, understandable way. We want you to make your savings decisions with complete confidence. The County Banks can help you understand the benefits of each market plan. You can get the facts in a straight forward, understandable way. We want you to make your savings decisions with complete confidence.

OUR "PRIME INTEREST" IS YOUR CONFIDENCE.

The County Banks

CLAYTON, MO. ARMOCK, MO. CHESTERFIELD, MO. LOUISIANA, MO. MANCHESTER, MO. WEBSTER GROVES, MO.

The ever-changing "menu" of financial savings instruments on the market has prompted the people at St. Louis County Bank, Clayton, Mo., to offer consumers a "Money Market Mess Kit." The kit is designed to help consumers unscramble the "mess" of confusion caused by the instruments. The kit contains a special series of booklets to help consumers better understand banking services, including all-savers certificates. Ads containing coupons appeared in the local press that enable consumers to write for their free mess kits. Recipients of the kits are urged to read the information and then visit with one of the bank's personal bankers "to review your needs and help work out a complete program that meets your particular financial objectives."

participated in the system-wide demonstration.

Many customers won instant prize money by participating in a demonstration. More than \$1,600 in prize money was given away during the day in the form of Susan B. Anthony dollars and \$20 bills that were given at random to people attending the demonstrations. Every customer received a gift.

The huge balloons were positioned 40 feet above each ATM location. They did their job well in attracting public attention and comment. Crews of workers began at 5 a.m. that day visiting each location with helium tanks, ladders and balloons, each of which bore the ChecOKard logo.

Seven-Footer 'Southern Sam' Promotes Mississippi Banks

"Southern Sam" has been making friends for United Southern Bank throughout northern Mississippi as he makes his rounds as goodwill ambassador for the Clarksdale-headquartered bank.

You can't mistake "Southern Sam." For one thing, he stands seven feet tall and is decked out in a red, white and blue outfit. A song about him is played during his appearances that explains the legend of Sam and his financial prowess. He's touted as the cousin of "Uncle Sam."

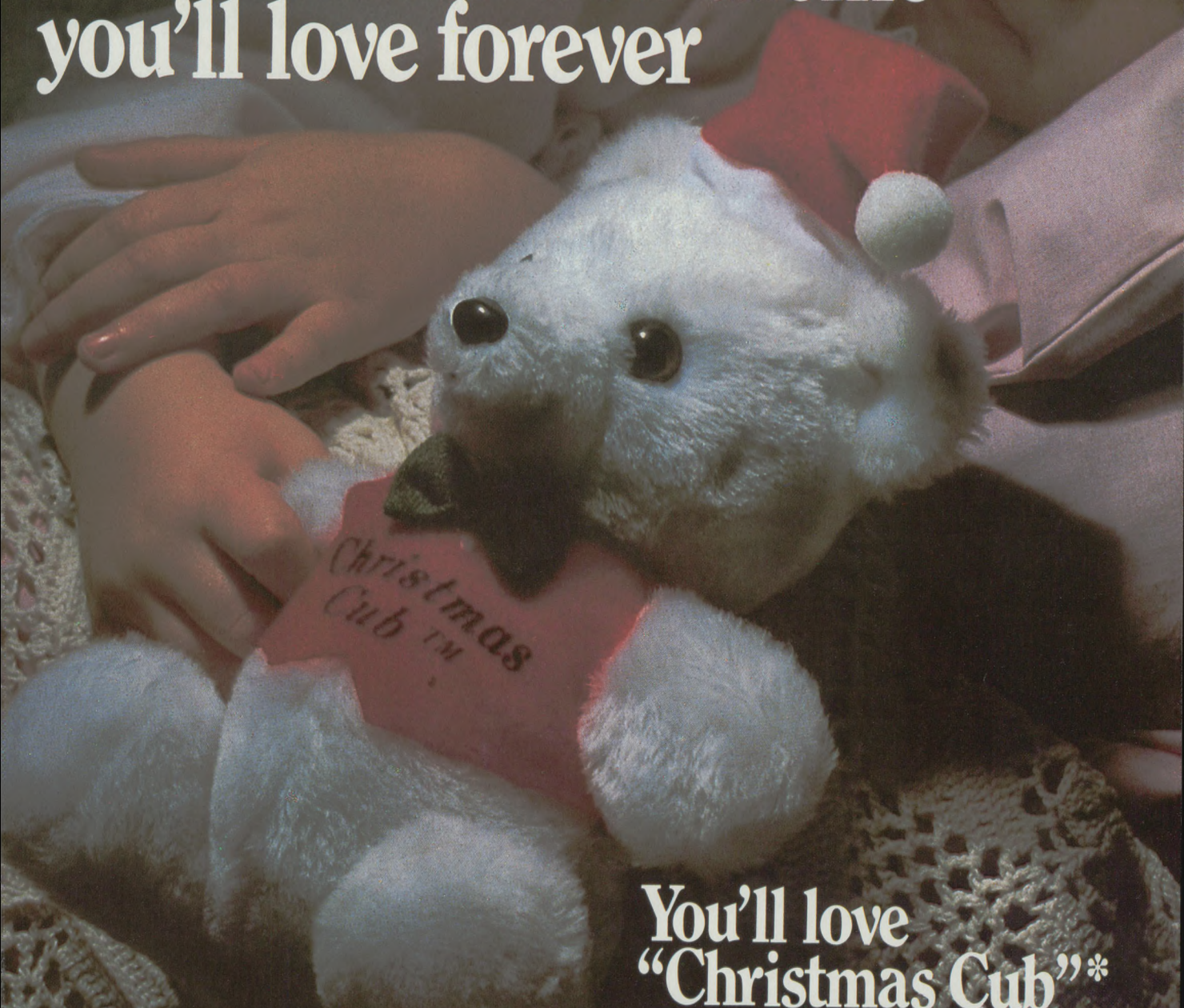
Sam is promoting the advantages of banking the "good old U. S. way" and does so during appearances at retirement homes, schools, pep rallies and at football game half-time shows. He's even pitched at a little league ball game.

Sam is the banks' advertising spokesman and has played an important role in introducing ATMs to the public. During his public appearances Sam carries along small flags and other all-American treats, such as apple pies and hot dogs. Southern Sam T-shirts and other memorabilia are distributed by his assistants, a group of young women known as the "Samettes."



"Southern Sam" is shown with an admirer during one of Sam's many appearances on behalf of United Southern Bank in Mississippi.

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Here's one of America's most cost effective producers of new customers. And they're your most *loyal* customers. Over 71 years of docu-

mented fact prove it—Christmas Club works, and works, and works.

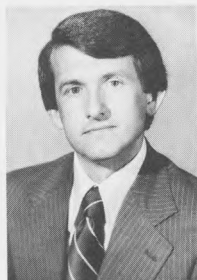
Get the whole "Christmas Cub" story today. Call Renée Brett, (800) 523-9334 New York, New Jersey, Maryland, Delaware; (800) 523-9440 all other states except Pennsylvania; (215) 258-6101 Pennsylvania residents. P.O. Box 20, Easton, PA 18042

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NEWS OF THE BANKING WORLD



MATTHEWS



SUMNER

Robert E. Matthews, who was vice president/manager, Memphis Branch, Federal Reserve, St. Louis, has been appointed senior vice president at the St. Louis Fed. As such, he has charge of operations and data processing there. He succeeds Bradley G. Glass, who left the Fed to accept a position in Columbus, O. Succeeding him as Memphis Branch manager is Randall C. Sumner, who also was named vice president. Mr. Matthews joined the Federal Reserve System in 1969 and was with the Atlanta Fed and Philadelphia Fed before going to St. Louis in 1978 as general auditor. For a brief period, Mr. Matthews was special secretary to the Fed's Board of Governors in Washington, D. C. Mr. Sumner began his Fed career in 1976 as an examiner, became supervisory examiner in 1979 and, a year later, was

named assistant vice president with responsibility for the financial institutions department. He holds a law degree.

O. Glenn Webb, Tunnel Hill, Ill., has been reelected chairman, Farm Credit Banks of St. Louis. Robin Lahman, Franklin Grove, Ill., was reelected vice chairman and Charles W. Cochran Jr., Cairo, Mo., reelected secretary. Glenn A. Cunningham, Danville, Ill., has begun a three-year term on the board.

Continental Illinois Corp., Chicago, has opened a subsidiary, Continental Illinois Trust Co. of Florida, in Boca Raton. This is the first of two trust companies the HC, parent of Continental Illinois National, Chicago, plans to open in Florida. The second will open later this year in Sarasota.

Wells Fargo & Co., San Francisco, has received approval from Canadian authorities to open a nationally chartered Canadian bank. It will be called Wells Fargo Bank Canada and will be headquartered in Calgary, Alberta. Peter G. Wood is its president/CEO. He was head of international banking, Canadian Commercial Bank, Edmonton. The new bank is the successor to a banking subsidiary, Wells Fargo &

Co., Ltd., which has operated in Canada since 1973.

Northern Trust Corp., Chicago, is converting one of its Florida trust subsidiaries, Security Trust Co. of Sarasota, to a full-service commercial bank. The new bank's name is Northern Trust Bank of Florida/Sarasota, N. A. Still pending is an application filed last October to merge Northern Trust Interamerican Bank, Northern Trust's Edge Act subsidiary in Miami, into a new national bank to be named Northern Trust Bank of Florida, N. A. On approval of the application, the new bank will be merged into Security Trust, Miami.

Manufacturers Hanover Corp., New York City, has opened a new trust subsidiary, Manufacturers Hanover Trust Co. of Florida, in Miami. According to a spokesman for the HC, it is the first out-of-state bank HC to open a trust subsidiary under a Florida state charter since expiration of the federal moratorium. Joseph A. Havian, formerly in charge of Manufacturers Hanover Trust's investment advisory office in Miami, is executive vice president of the new subsidiary. Josephine Fraina is investment officer/corporate secretary.

- **Wells Fargo Credit Corp.** Neil W. Turner, vice president, has been named chief marketing officer, succeeding Larry S. Crawford, who recently was named president. Mr. Turner is responsible for sales.

- **Associates Diversified Services.** Richard T. Schliesmann has been elected senior vice president. He is senior operating officer for both Associates Financial Express and the United States Auto Club — Motoring Division.

- **Diebold.** Michael (Mickey) Hardegree has been named district service and installation manager. He coordinates all service and installation activities in southwest Alabama and the Mississippi gulf coast.

- **Design-Build Concepts.** Teresa C. Martin and Robert W. Williams

Corporate News

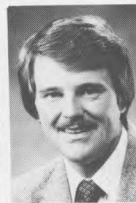
have been appointed vice presidents/directors of this Atlanta-based consulting, design and construction firm specializing in financial facilities. Mrs. Martin joined the firm in 1976 and is in charge of all company operations. Mr. Williams joined the firm in 1977 and continues as sales consultant in Tennessee and surrounding areas.



WILLIAMS



MARTIN

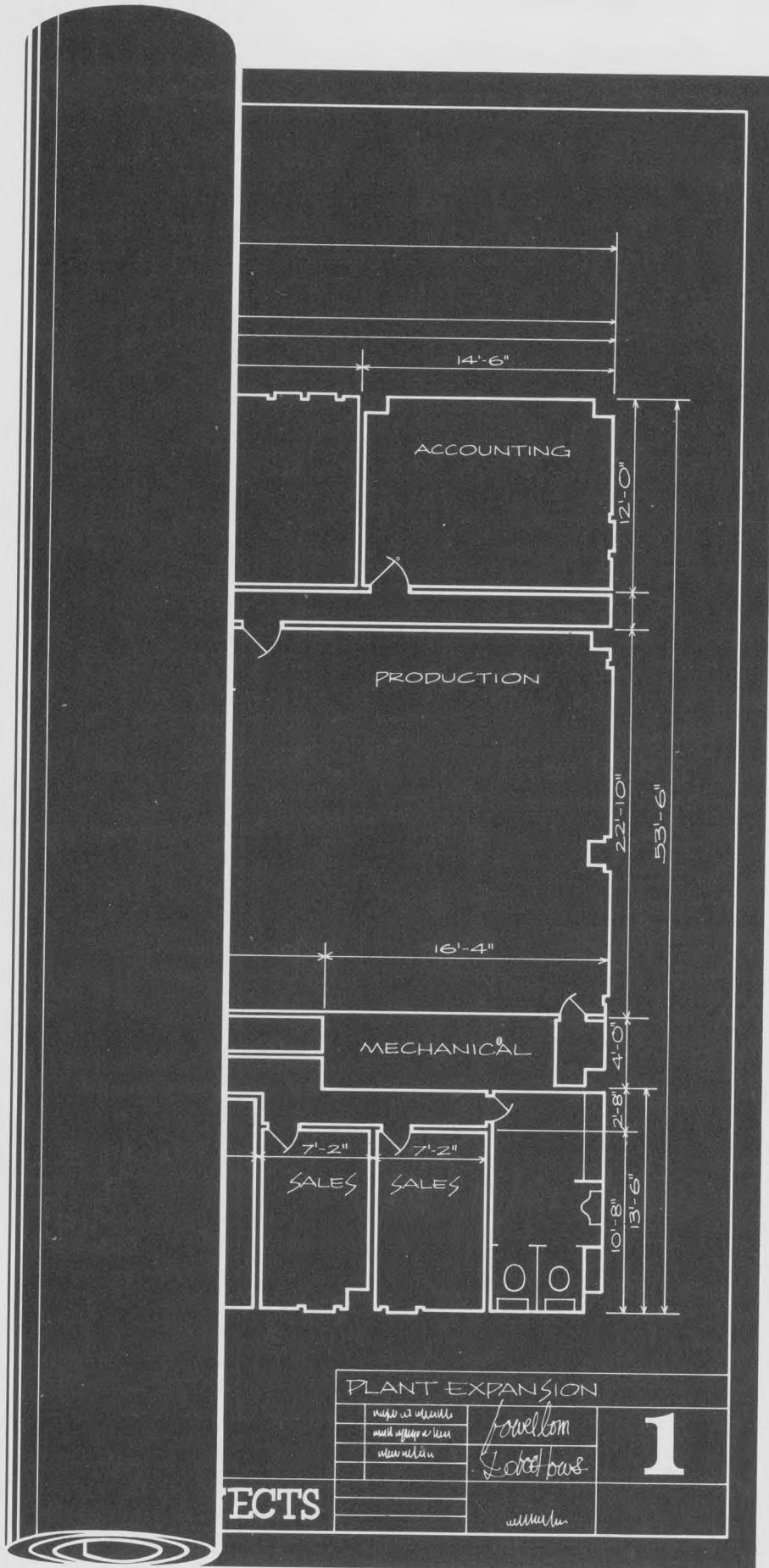


HARDEGREE

- **American Express.** Robert E. Riley has been named senior vice president/strategic business planning. He formerly was senior executive vice president, Shearson/American Express, responsible for financial services strategic planning.

- **Stern Brothers.** Clay E. Coburn has been elected executive vice president/corporate department and Bill T. Wall has been elected executive vice president/marketing of this investment banking firm headquartered in Kansas City.

- **LeFebure.** Richard S. Andrase and Jack Maher have been appointed managers of the Charlotte and Houston regional offices, respectively. Mr. Andrase's territory includes Kentucky and Tennessee; Mr. Maher's area includes much of eastern Texas and western Louisiana.



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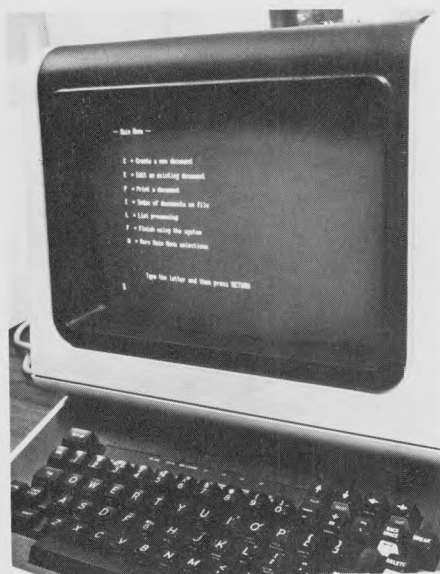
MID-CONTINENT BANKER for March, 1982

New Products and Services



• **Matsch Financial Systems.** This firm has designed an office automation system for lending department functions. It can quote loans, type documents, handle data communications and word processing. It also can be programmed for custom jobs. The manufacturer states the system is useful in increasing productivity by minimizing repetitive clerical tasks and through increased accuracy and decreased dependence on fully trained clerical personnel. Write: Matsch Financial Systems, Ltd., P.O. Box 217, Hudsonville, MI 49426.

• **Compu-Tome, Inc.** This firm offers a software package designed to run on Digital Equipment Corp.'s VAX family of computers. The package is called CT*OS and can be used for clerical work and by non-DP bank pro-



CT*OS word-processing package enables bankers to communicate with their computer and edit documents and financial analyses.

fessional staff for preparing reports, contracts, agreements and spreadsheet analyses. The package offers conventional word-processing features plus list processing, 132-character width, and the ability to search for specific words or phrases and to replace them in text. Also provided are user-defined keys for custom operations without reprogramming. Write: Compu-Tome, Inc., 234 East Colorado Blvd., Pasadena, CA 91101.

• **MGIC Indemnity Corp.** This writer of specialized financial institution coverages is entering the commercial bank fidelity-bond market with a kidnap/ransom policy and a broad extended coverage package for the traditional bankers blanket bond. In addition to writing a Form 24, MGIC offers a combination policy of supplemental coverages that address bond-related liability exposures. Data processing transit liability, stop payment, cash letter and "all-risk" safe deposit are among the coverages available. Also offered is a separate kidnap/ransom policy and excess limits for employee dishonesty, burglary, robbery and securities theft. Write MGIC, MGIC Plaza, Milwaukee, WI 53202.

• **Financial Institutions Services, Inc.** This firm has announced an expanded line of ATM support services, including a turnkey ATM card-processing service designed to provide fast turnaround of ATM card requests; a new ATM program called BANCASH 24, offering program planning and consulting, implementation coordination, turnkey card-processing services and a marketing campaign; and three ATM program-support services labeled "generic," "delivered" and "repromotion." The generic program offers consultation, implementation coordination and card processing for ATMs. The delivery program offers a marketing campaign with support materials and card-processing services. The repromotion program is for rejuvenating existing ATM programs and includes consulting and card-processing ser-

vices. Write: Bill Mardis, EFT products manager, Financial Institution Services, Inc., P. O. Box 40726, Nashville, TN 37204.

• **Mosler.** Two new training films are available from this firm. "Safe Deposit Security" demonstrates procedures that should be followed by all safe-deposit attendants to reduce the risk of criminal attack. The film coordinates with objectives of the educational committee of the American Safe



Scene from "Silent Alarm Response," film that demonstrates deployment of methods favored by police authorities and federal government agencies when responding to bank-robbery alarms.



Scene from "Safe Deposit Security," film that depicts proper safe-deposit procedures by dramatizing typical fraud and bomb-extortion threats.

Deposit Association. "Silent Alarm Response" demonstrates how police and bank officials can work together to reduce the risk of injury and hostage-taking. The film shows reenactments of actual robberies and how primary and back-up officers use invisible deployment tactics and other strategies. Both films are available on video cassettes and include instructor manuals. Write: Mosler Anti-Crime Bureau, 1561 Grand Blvd., Hamilton, OH 45012.



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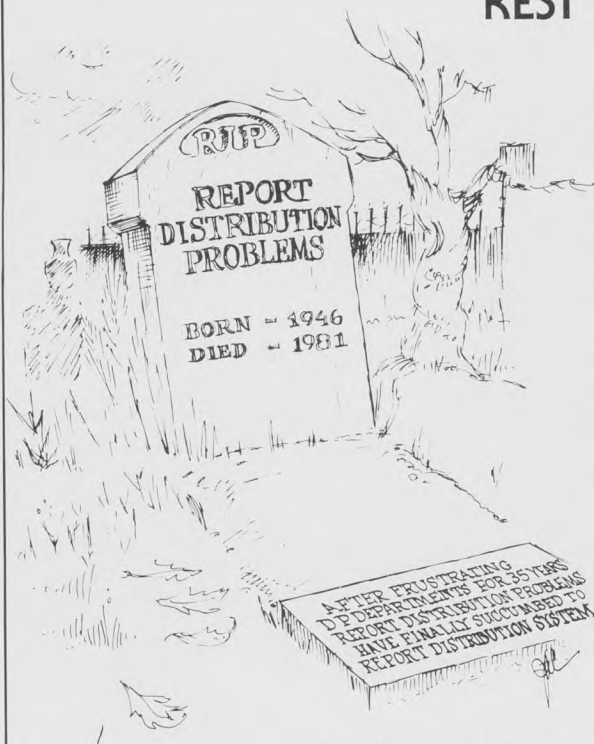
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Some have used hardware costing \$100,000 plus to tackle the problem of squeezing the \$.03 discount out of each letter. Unfortunately, the hardware cost is only the beginning; the cost of staffing and floor space soon exceeds the initial cost of the hardware.

The Attack-From-All-Sides Approach

Other companies have invested tens of thousands of dollars reprogramming their application software systems to presort statement data. The payback was big, but the costs were equally large.

The Divide-and-Conquer Approach

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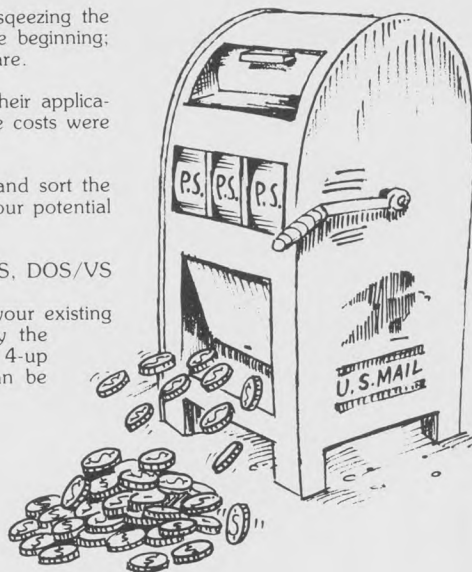
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'Productivity Through People'

BAI's PATH II Conference Offers Multifaceted Approach to Productivity, With Sessions on Training, Work Design, Quality Circles, Employee Motivation and Training

LABOR PRODUCTIVITY at Bank of America rose 2.8%; labor cost per 1,000 items fell 1.3%; error rate declined 9.8%; absenteeism went down 2.7%, and turnover declined about 30%. All this occurred within the first nine months of a quality-circle program initiated a little over a year ago at the bank, according to Leland S. Prussia, chairman. He gave these statistics in the keynote speech at the PATH II conference of the Bank Administration Institute late in January in Atlanta.

PATH stands for productivity through automation, technology and human resources. The first PATH conference was held early in 1981 in Dallas, and PATH III is scheduled for Houston January 16-19, 1983.

At PATH II, whose theme was "Productivity Through People," Mr. Prussia led off an impressive, information-filled, three-day program. On the agenda were many concurrent sessions and workshops, as well as other featured speakers. Among the latter was the BAI's chairman, George D. Norton, executive vice president/cashier, Philadelphia National, who described and gave an update on the BAI's research study whose purpose is to de-

fine and establish productivity-measurement criteria in the commercial-banking industry. This study is being done in conjunction with the American Productivity Center (APC), Houston.

What BofA is doing. In his talk, Mr. Prussia described his bank's management services group, whose mission is to facilitate productivity and quality improvement, hand in hand, throughout the corporation. He added that his organization believes these two good-management ingredients are inseparable.

According to Mr. Prussia, the management services group (MSG), which reports to the chairman, is divided into three sections:

- A consulting group — dedicated to developing better management of human resources, with line and staff units of the bank.

- Methods research — dedicated to more effective work design.

- Management sciences — dedicated to using substitution of capital for labor, quantitative techniques, computer modeling and other principles of scientific management to improve productivity.

"Our strategy," said Mr. Prussia, "is MBO (management by objective), to

provide an information system that measures, motivates and rewards performance.

"We try to facilitate improvements, not by our own experiments, but by motivating people throughout the corporation to find better ways of doing things, to tap the creative resources of our managers and general staff."

Mr. Prussia explained that the corporate productivity-management program is the framework for BofA's productivity-improvement effort because it believes measurement is the basis for improvement. This measurement system, he continued, pinpoints functions on which managers need to concentrate their improvement efforts. An MBO approach, it sets goals and measures performance against those goals, and it provides incentives by rewarding people for meeting those goals.

BofA's program, said Mr. Prussia, has been developed for about 80% of its staff, and a pilot program now is underway to find appropriate methodology for extending the program to virtually all the remaining 20%. He said goal setting was applied for 12% of the staff; the 1981 productivity gain for those 12% was 6.6% over 1980. That translates, he said, into a saving of 565 full-time employees, or \$11 million in compensation costs.

Although Mr. Prussia admitted there has been some difficulty in selling the program — because human beings don't like being measured, he pointed out that the system will not become effective until BofA has established accountability for results and built into its compensation system rewards for achieving those results.

He then described some of the individual programs — aspects of human-resource management — in operation at his bank.

BofA initiated a pilot of a dozen quality circles a little more than a year ago, expanded them to 30 and now is starting up another 100, in a wide range of

"Increased productivity is the key to bank profits in the 1980s. Banks that survive the turbulence of re-regulation will be those institutions that come to the marketplace with the best products and services delivered when and how the consumer wants them. Competitive pricing will be both an albatross and an impetus to hone the production process to precision efficiency. Productive utilization of a bank's raw materials — labor, capital and equipment — will mean the difference between red and black ink on many a bottom line."

With this message, George Norton, BAI chairman, began his talk at the institute's PATH II conference in Atlanta late in January. Theme of the conference was "Productivity Through People."

functions throughout the corporation.

He gave this example of how quality circles have been used: A unit within the business-services area found a high error rate among new or untrained people who processed lock-box payments. The circle developed a step-by-step procedure that teaches people to balance. Results? Reduction in processing time of untrained people and of regular staff helping newcomers.

"So far," said Mr. Prussia, "the quality-circle program as a whole has returned about \$1.50 for each \$1 we've invested in it. After start-up costs have been absorbed, the return will improve; we see an eventual benefit ratio of five to one."

At this point, Mr. Prussia listed the program's results enumerated in the first paragraph of this article.

As for intangible benefits, Mr. Prussia said employees are working more closely together than before and communicating more freely; their morale has improved, and they're displaying qualities of leadership and powers of articulation they otherwise might not have revealed.

Another program touched on by the BofA chairman was productivity management for bank operations. It, too, he said, is primarily a human-resource management tool, but it also teaches work-design techniques.

The program consists of a three-day seminar for supervisors and middle managers, who are taught principles of staff management and productivity improvement. After they have returned

to their own work environment, they are asked to identify and propose a solution to one productivity-improvement project. Then, they present it to management for approval.

This has been a demonstrably successful program, according to Mr. Prussia, and about \$40,000 has been invested in it. The 100 or so projects implemented after the three-day managers' training already have saved the bank more than \$1.5 million.

Still another BofA program is called "Ideas in Action." It's a suggestion program, focused on — but not limited to — productivity. It's closely involved with quality circles and training seminars; people involved in both are encouraged to submit their proposals for rewards. It's a form of gain sharing, said Mr. Prussia.

He added that the program, now more than two years old, has more than paid its way. Operating cost to the bank has been \$500,000, but clearly measurable returns amount to more than \$4.5 million for the first year alone.

One employee, Mr. Prussia said, received the maximum award of \$50,000 for a proposal of a new procedure for processing checks at a bank-card center. In practice, daily float was reduced by nearly \$5 million, representing annual gross pretax earnings of more than \$700,000.

Two pilot programs are planned by BofA, according to Mr. Prussia: a productivity-pay plan, which is intended to increase labor productivity of

groups rather than of individuals, and an administrative-support program, which combines elements of human-resource management, capital infusion and work-design strategies.

Summing up, Mr. Prussia said, "We absolutely need the best our people have to offer. And we absolutely need to recognize and reward their gifts of imagination, energy and dedication. Our programs are designed to do just that — and more; they teach our men and women to set high standards for their own performance."

The BAI research study. In his talk, "BAI Industry Update: Productivity Measurement in Banking — a Total Factor Approach," Mr. Norton said that through a series of technical educational and research endeavors, the institute has positioned itself at the forefront of industry efforts to improve productivity. PATH I in 1981 marked the culmination of the first phase, described by Mr. Norton as largely a definitional and industry-awareness step.

Since last year's conference, he continued, the BAI has taken the next major step, with 1981 seeing PATH proceeding simultaneously in three major directions: 1. Automation/technology, marked by a major study on structuring an office-automation program for increased productivity. 2. The human resource, culminating in this year's conference. 3. Productivity measurement, highlighted by a major research study into total bank productivity con-

(Continued on page 69)

'Wait' Reduction Promoted at Bank

NEARLY everyone wants to reduce their weight, but few people would think of going to a bank to do it!

Yet, the customers of Chicago's National Boulevard Bank are being urged to reduce their "wait" at the bank. Not by jogging or avoiding cream puffs, but by following seven "tips that will keep you out of lines." The tips are contained in a brochure that's available in the bank's lobby and from tellers.

Title of the promotion is "wait reduction," or "how to lose wait at NBB." Envelope-sized lobby brochures explain to customers that "waiting in lines has become a national pastime" but that "waiting is a drag." The brochure explains that banking lines have grown longer because of a growing population and a larger portion of

that population is employed than ever before.

The brochure assures customers that the bank is trying to reduce lines by increasing its effort to recruit and train more employees, installing more ATMs and other electronic systems, but that it takes time to see results. One reason the lines are so long at the bank is that it's situated in a busy section of Chicago — the world-famed "Miracle Mile" on North Michigan Avenue.

The bank's seven tips for wait reduction include avoiding the bank on Fridays, payday, lunch hours and days before and after holidays. Customers are urged to consolidate accounts that may be placed in different institutions, to use bank-by-mail service and ATMs and to sign up for automatic deposit, payment and transfer services.

The brochure explains that interest is automatically credited on savings accounts on the due date and that "you need not make a special trip just for this." In other words: Quit coming in just to get your passbooks updated!

If a customer wants only to learn his account balance, the bank advises use of either an ATM or an audio response.

The "wait reduction" plan came into being because bankers know that long lobby lines can "bring out the beast in even the sweetest little old ladies."

The bank's president, H. K. Gardner, said, "Of course, old banking habits are hard to change. But many customers will welcome wait-reducing advice. And all will appreciate customers' extra concern and helpfulness. We all have a lot to gain by helping our customers lose wait!" ●●

Restructuring Jobs And Work Systems Boosts Productivity

By Roy W. Walters
President
Roy W. Walters & Associates
Mahwah, N. J.

AS BANKING becomes increasingly competitive, the pressure is squarely on management to deliver services to customers more efficiently and reduce operating costs by increasing productivity.

Responding to this need, manufacturers of new computer and communications technology promise their equipment holds the key to unlocking vastly improved white-collar productivity. Unfortunately, in too many cases, new technology gives only partial relief from high costs and productivity problems.

People determine whether technology will deliver all the benefits promised in manufacturers' sales appeals. Many white-collar workers, especially those employed in bank-clerical operations, face work conditions that impair optimum productivity performance. These impairments create problems for people inside the organization and customers.

Roadblocks to greater bank productivity most often are found in the form of overly fragmented jobs and work systems. In service organizations like

banks, management's response to increasing volumes of work typically has been to fragment work into many separate tasks and structure work flow similar to an automobile assembly line.

Backlogged work, excessive overtime and poor-quality service often result because these jobs are totally void of the factors of properly designed work known to produce job satisfaction and elicit motivated behavior. Activities of unmotivated workers cannot keep pace with a machine, and the assembly line lags because it is only as fast as the slowest individual or component.

When management views technology as a panacea for these ills, costly underlying flaws in jobs and organization structure go undiagnosed and untreated. Simply superimposing new and expensive technology on a flawed

work system will not result in significant, long-term productivity improvements. There is no question that new technology, as it shapes the so-called "office of the future," will have a dramatic impact on job design for greater productivity; however, it is not a substitute for a work-redesign process that gets at the motivational heart of a job.

Work Force of the '80s. To achieve the most productive worker/machine interface, management first must accept the premise that most people are capable of and willing to do far more than their present jobs require or allow. Too many are trapped in jobs that grossly underutilize their capabilities. This is true particularly in banks' back-office operations.

The motivation to perform well at work is an internal, psychological process. What people need and want most from their work is to be used well, and the need to grow — to become more competent at what they do — is a basic need found in the overwhelming majority of today's workers. People truly are satisfied with their jobs when their work meets this need. Work done in behavioral sciences has demonstrated that a positive relationship exists between the satisfaction a worker derives from his work and his motivation to do his job well.

People's growth needs are met and job satisfaction results when work:

- Is meaningful to employees.
- Gives employees responsibilities commensurate with their skills and the opportunity to utilize more skills and expand their capabilities.
- Provides them with performance feedback.

Innovative Work Design. A growing number of banks are increasing productivity and improving quality of service by restructuring jobs and work systems to meet growth needs of today's employees. This has been accomplished by restructuring jobs to include five core dimensions.

People will consider their work



As president of the management consultant firm, Roy W. Walters & Associates, Roy W. Walters has helped large and small firms in manufacturing and service industries solve problems of human-resource underutilization.

At one time, Mr. Walters was director/employment and development at AT&T, where he was responsible for directing recruitment and training of more than 3,500 college graduates. He also did the first empirical research into applications of improved job design.

In 1967, he established Roy W. Walters & Associates. He and his staff conduct seminars in the U. S. and abroad on increasing productivity, management recruitment and development. They also help client companies implement productivity- and quality-improvement programs and monitor results.

meaningful when it encompasses: skill variety, task identity and task significance.

Skill variety exists when a job requires an employee to use a number of talents and abilities, including motor and mental skills. The impact of skill variety is enhanced when the job gives the employee the opportunity to develop new skills. Filing, issuing and amending, processing, basic accounting and customer service are some of the tasks that have been combined in one job to increase skill variety.

Task identity is strengthened when employees do "whole jobs." A "whole job" is a clearly identifiable piece of work a person processes from beginning to end. Rather than cogs in an assembly-line wheel, workers become managers of special services. "Whole jobs" also have distinct outcomes.

The degree to which these outcomes have a substantial and perceivable impact on lives of other people determines the amount of *task significance* embodied in the job. Establishing client relationships between the employee and end users of his services strengthens task significance.

Employees will experience significant responsibility for outcomes of their work when they are given *job autonomy*. Autonomy is the degree to which a job gives an employee freedom plus appropriate discretion in scheduling work and carrying it out. Given the opportunity to plan the scope of their jobs, most employees will set and meet performance standards above criteria established by management.

Establishing *feedback channels* for employees to communicate better

with their "clients" increases their identification with the job and commitment to meet and exceed productivity and quality standards. It also provides them with evidence they are becoming better at their jobs. When feedback is an inherent part of the job, it's more meaningful and relevant.

New technology will have a dramatic impact on job design for greater productivity; however, it is not a substitute for a work-redesign process that gets at the motivational heart of a job.

Although redesigning jobs to encompass all the core-job dimensions is ideal motivationally, it is not always feasible. Limits are imposed by a number of factors. However, many banks have achieved most of the benefits of the proved theoretical ideal in a number of ways. The key to their success has been to take an innovative approach to job design.

Banking primarily is a people business. While new technology has an important role to play in bank operations, the system will continue to depend on human decisions, actions and direct contact with customers. By eliminating fractioned jobs and assembly-line work systems, banks can remain totally responsive to customers' needs. Of equal importance, management can ensure a high level of involvement among workers in the bank's well-being and profitability. ● ●

Hockey Goals Result In Bank's Donations To Children's Charity

The Ronald McDonald House in St. Louis is benefiting from every goal scored by the St. Louis Blues hockey team in televised games scheduled between January 19 and March 28. Centerre Bancorp. (formerly First Union), St. Louis, is donating \$300 per goal to the house during this time.

The Blues are playing an eight-game road schedule during the promotion, termed "Golden Goals."

The Ronald McDonald houses — there now are 24 nationwide — serve as special homes for families of children who go to the 24 cities for hospital treatment of serious illnesses. The first Ronald McDonald House was opened in Philadelphia in 1974. More such facilities will be opened this year.

"In addition to their quest for the Stanley Cup play-offs," says Clarence C. Barksdale, Centerre Bancorp. chairman/CEO, "I'm sure the Blues' players now will have an added incentive to score plenty of goals during the season's homestretch."

Computerized Educational Tool To Be Tested by BAI

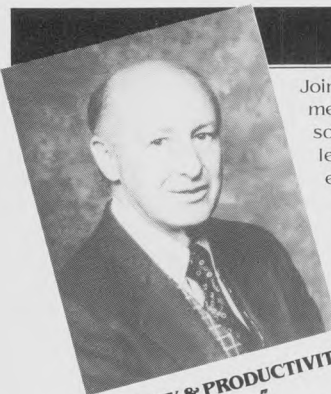
Study-Bank, a portable, computer-directed, self-instructional series of interchangeable programs, will be tested by the Bank Administration Institute early this year.

Study-Bank is the most recent acquisition in a growing series of advanced technology educational programs being developed by the BAI. Enclosed in a vinyl binder, Study-Bank consists of a small, portable computer similar in size to a hand-held calculator. A student using the device selects an instructional package and inserts a specially coded strip of paper under a data terminal's scanner bar. The terminal interprets the program code for the selected course.

A series of key-pad commands controls the pace of the program. Prompts or responses in words or numbers appear on the display screen and additional feedback is provided by computer-generated sounds. Questions are multiple choice or true/false.

Initial courses in the Study-Bank library are: internal auditing in the banking industry, a guide to bank taxation and tax-return preparation and trust administration. Other courses are being developed.

Cost of the data terminal will be under \$150. Individual programs in the library will be about \$55 each.



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To Boost Productivity, Find—and Use— The Right Tools

By **M. F. McBride**
President
BISS*
Houston

PRODUCTIVITY, its lack of or decline, has become a national topic in this country. Every day, one hears of plants and factories closing because they cannot compete effectively with the more productive and lower-cost foreign products. The current recession is, to a great extent, a manifestation of problems associated with our country's decline in competitive advantage. There is not one place in this nation that does not feel the impact of declining auto sales, closing steel mills, etc.

Although much attention has been focused on the decline in productivity in the manufacturing sector, the financial community has not been isolated from this phenomenon. Each time people are laid off, each time a plant closes, banks within that community experience the impact of these actions.

In addition, the financial community itself is experiencing increased competitive pressures. Five years ago, money-market funds were just beginning to enter the marketplace. Now they are a direct force in the economy. NOW accounts currently are nationwide. Brokerage houses are actively courting bank customers; even Sears is positioning itself to provide financial services.

The above, coupled with the pres-

ent interest-rate structure, has placed the financial community in a position where it must expect its return on capital to decline even further. To assume that interest rates will return to more "normal" levels in the near—or even distant—future, may be a fallacy that may prove to be dangerous. To survive, the financial community will have to do more with less. It will have to look to its own productivity and how it can be improved.

As margins have declined and as disintermediation has continued at an ever-accelerating rate, a bank also is faced with a further tightening of its profit margin as inflation continues to impact its day-to-day operating expenses. Simply put, it costs more today than it ever has just to open a bank's doors. As wage and operation expenses continue to spiral, banking has found functions that in the past were manual and cost effective in a manual mode now are too expensive. Yet, they still are necessary.

** Biss is an acronym for Banking Information Systems Services.*

Pressure on interest margins and a continuing high inflation rate have nullified the traditional status quo of the financial community. Although automation has reduced the need for larger staffs and has enabled the financial community to meet an increased item volume, much remains to be done. The manual process has persisted in many areas of a bank, or automation of this process has not been considered to be cost effective. Given the present environment, however, a bank must look to applying new tools to offset the continued pressure on its operating margin.

Gains in productivity no longer will result from changes in major functions. A bank now must turn toward those areas where it traditionally has relied on the manual process. If a bank is able to reduce the manual pressure on ancillary areas and, at the same time, employ information obtained from improvement of this process, it will have an opportunity to establish a bulwark against pressures it will face in the next 20 years.

Historically, most emphasis on productivity has centered on the production function. In a bank, the transaction base was the first area to be automated, and management has placed considerable emphasis on streamlining this process. For example, the industry has been able to absorb continued increases in DDA transaction volume without significant increases in costs. However, within the transaction-processing area, additional improvement in productivity will, at best, be marginal in nature.

Areas we are talking about are those where traditionally all work has been accomplished to a large degree by hand. Although there has been some automation of these areas, most of it has been of secondary nature. In addition, automation of these areas has been rigid in nature. Flexibility has

"If a bank's management will look around, it will find there are many areas where the manual process has not changed over the past 20 years. . . .

Admittedly, we now have new equipment, but try to get a letter typed or a note prepared in less than half an hour. Try to find that file you need when your secretary is out; try to move the board meeting up a week when it takes two weeks to prepare the report."

not been the prime factor. If a report required changing, it took time to implement. In addition, many reports have been retyped from original source documents.

A key element in any gain in bank productivity is improving the flow of information. In fact, an improved flow of information may be the most critical element in the entire process. If a manager is able to obtain needed information in a timely manner, he will be able to take appropriate action. On the other hand, if the information received is out of date, a manager may take actions that could be contrary to what would be required had the information been fresh.

We have seen the impact of introducing new technologies into a bank area that has been principally manual in nature. The "personal" or micro-computer has enabled a bank to invest a relatively small amount of funds and obtain a significant increase in output from those areas that traditionally are automated.

The following applications are some specific areas where we have seen a bank improve its productivity:

- **Word Processing:** Introduction of word processing into a bank can have a profound impact on reduction of time spent in preparation of form letters, board minutes, contracts, etc. In addition, word processing has become a valuable tool in marketing a bank's services. Those banks that have used word processing as part of their marketing effort have found they have achieved results for a lower cost than if they had utilized the more direct methods available.

- **Lists/Reports:** The number of lists and reports a bank maintains and prepares is an area where the amount of effort to produce such information can be reduced significantly. For example, one bank reduced the amount of time required to maintain internal phone directories, employee lists and reports on repossessed assets by using a personal computer and a small data-management program. This bank is continuing to find new applications for this program. The bank feels that any time a report/list has to be updated and retyped, this program will reduce the amount of time required to prepare it.

Another bank is using a personal computer and a small modeling system to prepare financial statements for board meetings. This approach has eliminated much retyping, and all calculations are done automatically, thereby eliminating errors. In addition, time required to prepare such reports is significantly reduced.

- **Accounts Payable:** This is an area quite often ignored in a bank. However, automation of this process not only will reduce time required to prepare checks, but such action will be able to provide a bank with information as to how much it is spending with a particular vendor, how much is outstanding, etc. Automation of this function definitely can reduce time spent in this activity and, at the same time, provide a bank with added information.

We have seen banks reduce time spent in the payables area from 20 hours a week to less than five hours a week. In the process, these banks were able to free their personnel for other activities.

- **Statement Analysis:** Through use of a small modeling system, a bank can set up a program to analyze customer statements. In doing this, the bank is able to expand use of such systems to other areas of the bank and, given the time required to perform statement analysis, it will be able to reduce the amount of effort required and still obtain reliable results.

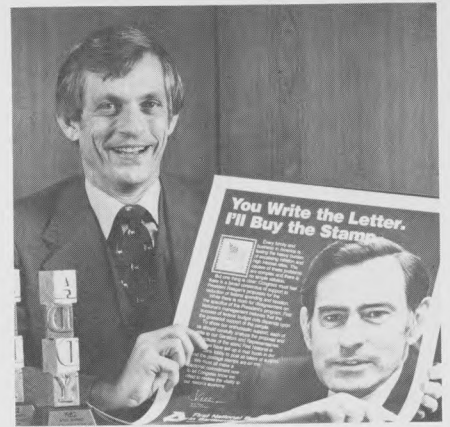
If a bank's management will look around, it will find there are many areas where the manual process has not changed over the past 20 years. An ad placed in various business publications stated a manager would feel at home in an office of 50 years ago. Nothing really has changed over that period. Admittedly, we now have new equipment, but try to get a letter typed or a note prepared in less than half an hour. Try to find that file you need when your secretary is out; try to move the board meeting up a week when it takes two weeks to prepare the report.

In conclusion, tools required to solve the above exist in the marketplace. It's up to the individual banker to apply those tools to improvement of his bank's productivity and, ultimately, to protection of its bottom line. ●●

Campaign of Support For Reagan Program Brings Bank Honors

A campaign voicing support for President Ronald Reagan's economic program has won two Addy awards for First National, Bartlesville, Okla., in the 15th annual competition sponsored by the Tulsa Chapter of the American Advertising Federation.

Both top honors were presented in the political category for single-entry, print and complete campaign. The awards were accepted by Barry M. Hudson, the bank's senior vice president.



Barry M. Hudson, s.v.p., First Nat'l, Bartlesville, Okla., holds copy of award-winning ad published by bank early in 1981. Campaign was undertaken by bank to inspire area residents to write their opinions of President Ronald Reagan's economic-recovery program in letters to their congressmen. Walter V. Allison (pictured in ad), bank's ch., offered to supply postage for these letters.

The multimedia campaign, "You Write the Letter; I'll Buy the Stamp," was designed by the bank's marketing department as a stimulus for the public to express their support, suggestions and opinions to government officials concerning the President's economic program.

The bank asked area residents, through newspaper ads, radio commercials and lobby posters, to write their opinions in letter form and bring those letters to the bank, where postage would be supplied by its chairman, Walter V. Allison. The letters then were sent to the respective congressmen.


The program was the subject of a feature article early in 1981 in MID-CONTINENT BANKER.

To further the campaign, First National ran a full-page, full-color ad in the April, 1981, issue of *Oklahoma Banker*, official publication of the Oklahoma Bankers Association. The ad challenged other banks in the state to start similar campaigns.

The campaign, which ran in March, 1981, was termed extremely successful, with more than 1,000 letters sent to key officials through First National. Several other Oklahoma banks and some in Texas adopted the campaign.

In addition, President Reagan praised and supported the bank's campaign.

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Automating Community Banks

Increased Productivity, Improved Operations Result From Program in Use in Arkansas

PRESSURES of increasing costs and competition probably never have been as great in banking as they are today. In such an environment, banks must improve their operating efficiency and, at the same time, offer more sophisticated services than they did formerly. In other words, they must boost their productivity — in the areas of people (now often referred to as human resources) and technology.

As far as computer-based services, such as electronic funds transfer (EFTS), are concerned, fortunately, automation now is available that addresses both the level of costs and level of services. The small-business computer can be justified even by small banks, opening the way to increased productivity, reduced costs and new services.

A group of Arkansas banks — using software developed by Arkansas Systems, Inc., Little Rock — have implemented a program that uses a small IBM System/34 computer. These banks already were using correspondent services of a large bank, Worthen Bank, Little Rock, to provide the now-traditional batch computer processing of banking transactions. These banks are located 30-150 miles from Worthen's large computers in Little Rock.

These correspondent banks elected to improve, rather than replace, their relationship with Worthen. They reasoned that they receive many services from Worthen and look to that bank for suggestions in such comparatively new areas as EFTS. In addition, through Worthen and Arkansas Systems, technical problems of automating community banks could be approached in a unified way.

The first improvement was to begin using a small IBM System/34 and 1255 MICR reader/sorter to capture checks

at a bank's site rather than transporting them to the central site for capture. Then, information on the captured checks and other banking transactions was transported via the phone system to the central site. This avoided a one-to three-hour courier trip (each way), even under good driving conditions, and increased processing dependability by making more time available for processing.

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These were significant improvements. However, the banks still were missing many services now common at large banks. For operating efficiency, the banks needed on-line access to all data, including demand deposits, installment loans, commercial loans, regular savings, premium savings, CDs and other information required to run a bank.

These banks have branches, some as far as 30 miles from the main banks. A withdrawal at any branch once required reference to microfiche or a phone call to the central bank for approval. There always was a risk that, without maintaining an ongoing balance, a bank could allow multiple transactions to overdraw an account.

The solution to this and similar problems was to put beginning-of-day balances on-line and provide memo posting. Once the information was on-line, significant productivity improvements were at hand.

The banks needed a customer-information system (CIS), which could tie together all related customer and account information. They found it in computer software that provides capabilities a bank needs to cross-reference, locate and retrieve customer and account information. This CIS provides bank officers with an easy way to obtain complete information on the total relationship of a customer to a bank. The CIS provides tellers with quick access to account data, either by account number or by customer name. Data are up to the minute even at branches. With the CIS, a teller can check a customer's account balance discreetly without making a phone call. Besides helping to make the bank a nicer place in which to do business, the CIS speeds transactions and provides better services and, in addition, saves money for the bank. In addition, a teller can post the transaction as it occurs.

The CIS has many other uses. For example, Mr. Smith never knows his account number. With the CIS, the teller enters all or part of Mr. Smith's name, and the computer quickly helps the teller find the forgetful customer's account. Other uses of the system include central maintenance of names and addresses, total-relationship information and summary-account information made available immediately to loan officers. A report generator provides mailing labels, lists and profiles for marketing.

Also in the EFTS area, automated teller machines (ATMs) can be both

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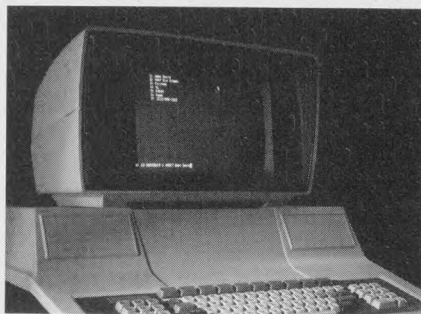
Lending operations involve too many people handling too much paperwork too many times. Loans are generated with varying degrees of accuracy, paperwork is repetitive and time-consuming, and reporting is a never-ending headache. The costs are too high.

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productivity and marketing tools. The first of the group of Arkansas banks to introduce ATMs, First National, Batesville, is using the IBM System/34 computer to put its ATM on line. On-line ATMs provide many features not available to an off-line ATM. Among on-line features is account-balance lookup, which allows the bank to provide VIP-withdrawal limits issued by account instead of by system. Also, the bank can allow or disallow withdrawal of deposits or withdrawal up to the account balance. The system also supports a statewide interchange card.

Advanced features of the CIS and on-line ATMs normally are available only to large banks with correspondingly large data-processing budgets. First of Batesville has these advanced features using a small IBM computer and relatively small data-processing budget.

Many of Worthen Bank's correspondent banks have elected to use various levels of the services described above. First of Batesville, using them all, is said to be the first bank anywhere to use Diebold ATMs directly connected to an IBM System/34. The bank achieved this by using Arkansas Systems' software that doesn't need an additional computer. This computer previously was required.

Arkansas Systems also is the vendor

for the customer information system described here. Besides First of Batesville, other Worthen correspondent banks (all in Arkansas) using it are: People Bank, Mountain Home; Citizens Bank, Van Buren; First National, Hope, and First Security, Searcy.

These banks are up to 150 miles from Worthen's processing center. Interestingly, the cost to process a correspondent's business would be about the same, whether across the state or across the country, says a spokesman for Arkansas Systems, because of the telephone-rate structure and minimal use of long-distance communications achieved by using the IBM System/34 at the correspondent's site. Long-distance charges are incurred at the end of the day when transactions are sent to the processing bank and again when reports and beginning-of-day balances are returned to the respondent bank.

Productivity increases achieved are the result of employing the best methods available to perform necessary bank functions. Processing performed by Worthen avoids the need for correspondent banks to invest in software and manpower to perform complicated tasks associated with a bank's mainline functions. The IBM System/34, says Arkansas Systems,

provides relatively inexpensive computer services to a bank and is characterized by its ease of use, high reliability and low downtime. Such features are needed in a bank computer anywhere, but outside of larger metropolitan areas, they are critical. (The IBM System/34 reportedly has a service-call rate of less than two calls per year.) Adding to this, Arkansas Systems has provided computer software that delivers the increased productivity long promised by computer automation. This software, says the firm, addresses itself to lowering hardware costs, increasing available features and allowing better use of bank personnel. This software is called an on-line banking environment because it changes the environment of a bank's operations. Arkansas Systems says the change provides increased productivity, improved bank operations and easy entry into the world of ATMs and EFTS.

There's more to come: Future features will include support of other devices, such as teller terminals, and "pass-through" software to allow the local computer to process local items, while "passing through" other items to one or more ATM switches. This also can reduce cost of participation in the switch. ●●

ABA Asks DIDC for 'Tools'

AS PART of the ABA's continuing effort to press forward on deposit interest-rate deregulation, the association's executive vice president, Willis Alexander, sent a letter to Treasury Secretary Donald Regan and to all members of the Depository Institutions Deregulation Committee (DIDC). Mr. Regan chairs that committee.

The letter calls for new deposit tools to be given to banks and thrifts so these institutions can offer rates of return competitive with those offered by money-market funds. Mr. Alexander warns that the lack of such tools could result in many depository institutions finding it impossible to catch up in the competitive race with money-market funds in the years ahead. "The unfair handicap the federal government imposes on depository institutions grows heavier every day," he said.

He reminded Mr. Regan that money-market funds now total more than \$188.14 billion, a figure that surpasses the total assets of mutual savings banks. This growth is due to the unregulated nature of money-market funds.

Mr. Alexander projects that such funds will hold 25% of the market share of consumer-type, interest-yielding accounts by 1986 if no new competitive tools are forthcoming, if interest rates maintain their course and if historical growth trends continue. "In other words, if the federal government fails to restore competition, depository institutions will be forced, at best, to sacrifice a quarter of this market by 1986 — money needed to finance local agriculture, homebuilding and other important sectors of the economy."

Depository institutions and money-market funds are on a collision course, he said. "The nation's banking community believes that substantive progress must be made toward deregulation before the economy can return to health."

Scholarship Fund Established For Minority Bank Employees

WASHINGTON, D. C. — Management employees of minority-owned banks are eligible for up to \$25,000 in scholarship funds through a new fund established by Minbanc Capital Corp. Aim of the program is to provide management assistance and training to the minority-bank community.

Minbanc, a closed-end investment company established in 1971, provides capital assistance to qualified minority-owned banks. The company's 500 shareholders are ABA members.

Minbanc works with the National Bankers Association (NBA), the association of minority banks, in the administration of the scholarship program. Minbanc is responsible for payment of registration and tuition fees to management-level schools, conferences, workshops or seminars sponsored by the ABA or any of the 50 state bankers associations during the 1982 year.

The NBA is responsible for selecting scholarship candidates. Each minority bank is limited to three participants.

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Determining Actual Transaction Cost Is Key to Product Profitability

By Robert C. Manion
Arthur Andersen & Co.
St. Louis

THE FINANCIAL-services industry continues to be the target of federal and state legislation. More organizations are going after the financial-services customer (retail and commercial) and are getting into the business of banking.

Banks are, however, severely restricted in expanding the scope of their services into other financial areas. Bank customers are becoming accustomed to using, and in some areas expecting, new services.

For example, the use of ATMs now is accepted and their use is growing daily. By the end of 1981, there were approximately 20,000 ATMs installed nationwide, each averaging 5,000 transactions per month.

The pressures associated with new services tend to make bankers lose sight of bottom-line results for their operations. Bank profitability is multidimensional. It can be viewed from a number of different perspectives, which tends to make it complicated. Most banks, presumably, would like to know the profitability of their trust departments, NOW accounts or even specific customer accounts. Yet there is a tendency to lose sight of the key ingredient of all these activities —

actual transaction cost. Determining the bank's profitability requires much detailed information. I view it from a building-block approach (see figure 1).

At the bottom of the pyramid is a solid foundation of transaction-operating systems (DDA, savings, payroll, accounts payable, etc.). These base systems capture detail information, record it, classify it, post it, summarize it and report it. Thus, the base systems permit the performance of the basic functions of the bank. These systems also must capture and report volume statistics and feed this information to the general ledger and cost-reporting systems so that dollars-to-volume of activity can begin to be correlated; i.e., number of accounts, pieces of paper or personnel.

Closely tied to this concept is the need for a formal approach to collecting information about the elements of cost in the bank. The three areas are: work measurement, cost accounting and project reporting.

Work measurement is not new in banking. Some banks have used it to improve productivity and monitor staffing levels; however, many have tended to let programs die rather than continue them. Work measurement can provide banks with valuable cost information, but I strongly suggest it be kept simple and nonscientific.

Cost-accounting systems use the information developed through work measurement and "dollarize" it. This, in turn, lays the foundation for service-fee schedules and pricing decisions. Frequently, it will be necessary to combine the information from more than one department to determine total cost. Also, there is a need to distinguish between fixed and variable costs (the latter vary with activity).

Project reporting is the tracking of costs outside normal day-to-day business operations. Experience has shown that this area generally receives little attention; however, these costs can be significant and need visibility for management control. In addition, they should be factored into the cost-accounting system to enable service costs to be recognized properly.

A good example is the cost of an ATM installation. The total cost of acquiring the unit, site construction, plastic cards, marketing, etc., must be amortized and built into the cost-reporting system; otherwise, the true picture is distorted.

The next set of blocks in the building process concerns the organizational aspects of the bank. Here again we are recognizing the multidimensional aspects of bank profitability. The right side of the pyramid deals with activity and transaction costs while the left side deals with organizational implications. It still is necessary to report expenses and revenues on the basis of where the expense/revenue was incurred and who is responsible. Thus, there is a natural buildup of information along the lines of organization within the bank, with each department being summarized at the next level up in the organization.

Any time this kind of approach is taken, the problem of cost of funds is raised, due to some departments being funds users and others funds providers. There are several methods for

BANKING INDUSTRY
TYPES OF FINANCIAL REPORTING SYSTEMS

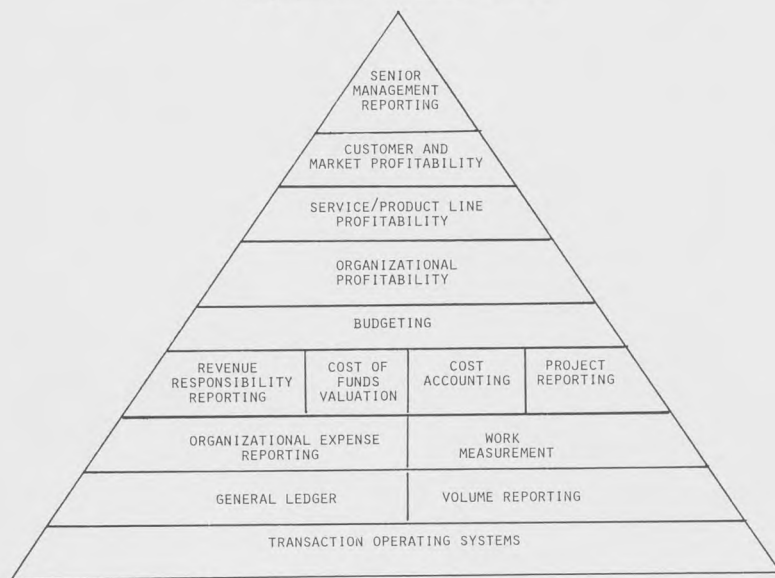
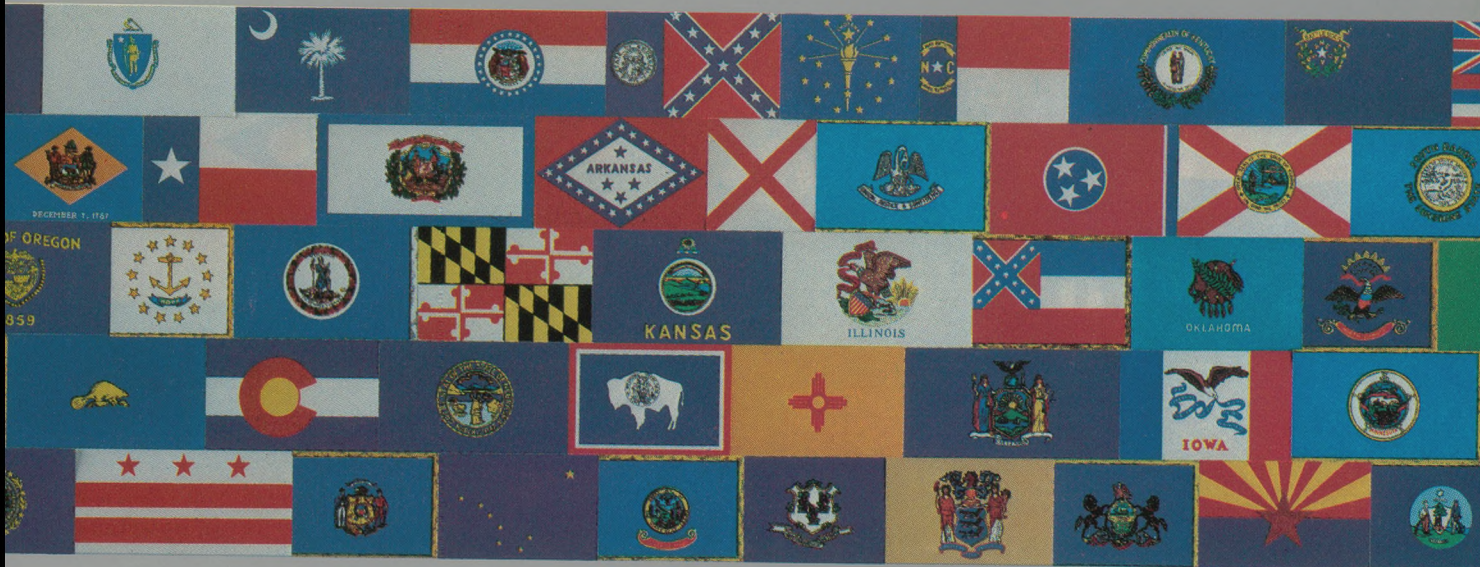


FIGURE 1



US Bank of Nashville

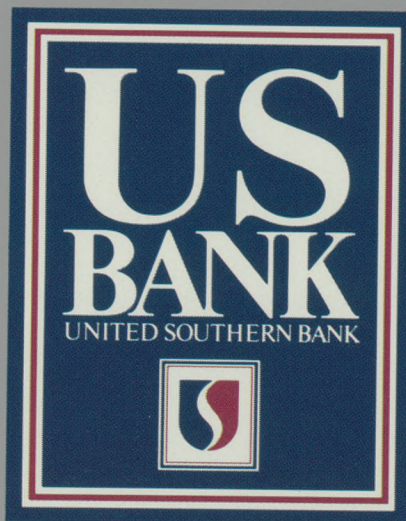
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US Bank of Nashville provides a range of comprehensive services: a complete audit program, data processing, portfolio analysis, information on legal matters and governmental regulations, a regular weekly update on the financial markets and rates, marketing aids, seminars on important topics, and more. The wide range of services allows us to tailor correspondent programs to fit the specific needs of individual banks and the communities they serve.

US Bank of Nashville firmly believes that independent, community banks can continue to be the foundation of America's financial future. Our commitment to correspondent services is an investment in that future.



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accomplishing this task, but the "keep it simple" rule should be observed. The most important thing to keep in mind is to provide a realistic statement of profitability, taking into account all costs, including the cost of money.

At the next level in the pyramid, it is possible to develop budgets and prepare overall statements of profitability. In addition, any system of budgeting should include the capability of pre-

paring pro forma financial statements — "what if" questions.

At this state, we can prepare top-level profit-and-loss statements, using information from the following lower-level systems:

- Organizational-expense reporting
- Project reporting
- Standard cost accounting
- Customer income and volume statistics

The last building block ties all the pieces together and reports profitability by type of product, product line or service and customers. An example would be the ability to analyze and evaluate loans based on actual margin contribution compared to planned margin percentage.

This completes our building-block process of constructing financial reporting within a bank. ● ●

Computerized Mail Pre-Sort System Boosts Productivity at First Alabama

A COMPUTERIZED mail pre-sort system that sorts such items as customer statements and prints them in the exact sequence required by the U. S. Postal Service to qualify for a 3¢-per-item postage discount has been well received by First Alabama Bank, Birmingham.

First Alabama is one of several banks using the system, which is supplied by Mantissa Corp., also in Birmingham.

The program is called "P.S." and is designed to offer an alternative to expensive mail-sorting equipment or a labor-intensive manual system. According to the supplier, no changes to existing system or application programs is necessary to install "P.S."

"Our experience with the system has been excellent," says Edward Solomon, vice president/operations at First Alabama. "We are well pleased with our favorable results during the past two years."

First Alabama is a \$440-million-asset member of a \$2.5-billion, 20-bank HC. The bank's annual postage expense is \$540,000. Mr. Solomon says the bank started using the Mantissa system about two years ago to pre-sort charge-card statements. At that time, the bank was planning to purchase a mechanical system that required an employee to operate.

"Due to necessary manual sorting, human errors, the unreliability of a manual system, equipment costs and on-going employee costs, we couldn't justify the pre-sort postage discount using a manual system," Mr. Solomon says.

The Mantissa system was installed on the bank's IBM computer to sort about 100,000 charge-card statements per month. No application changes were required and Mantissa assisted in the system installation. Since the

bank's system is a user-active, parameter-driven one, it was up and running within hours instead of days, Mr. Solomon says, with little involvement by the bank's data-processing personnel.

"We have expanded the system to presort about 45,000 savings account statements per quarter," he says. "Our postage savings now is about \$41,000 per year, but that's only part of our expense reduction."

The system has enabled the bank to reduce employee time and problems in pulling "bad address," "no address" and "special handling" statements. Prior to installing the automated pre-sort system, at least two man-days were required to review all savings statements for these exceptions. Several man-days also were required for charge-card statements. Human errors, such as mis-mailed statements with incomplete addresses, were eliminated by assigning a special zip code (such as 99999) to all "special" statements and automatically sorting them from the other statements to be mailed.

Management reports produced by the system also assist in bundling mail for proper postal distribution and help the staff review demographic locations of customers, Mr. Solomon says. "The system is flexible enough to handle single or multiple statements. We plan to add other customer correspondence, such as CD 1099s, in the future to obtain maximum benefit of the pre-sort discount."

Mr. Solomon says the system is well documented and technically supported and is only one of Mantissa's products used by First Alabama. It's one of several systems that "have increased our DP or operations division personnel efficiency and reduced the bank's operational expenses." ● ●

First Chicago to Sell Travelers Check Assets

CHICAGO — First Chicago Corp. will sell its Visa travelers check operation to Chase Manhattan Corp. during the first half of this year.

Annual sales of the operation, handled by First Chicago Cheque Corp., are in excess of \$500 million. Chase Manhattan is expected to keep the same relationship with Visa check sales agents as they had with First Chicago.

The decision to sell the subsidiary's assets was described as "another example of management's commitment to focus the corporation's resources," by Barry F. Sullivan, First Chicago's chairman.

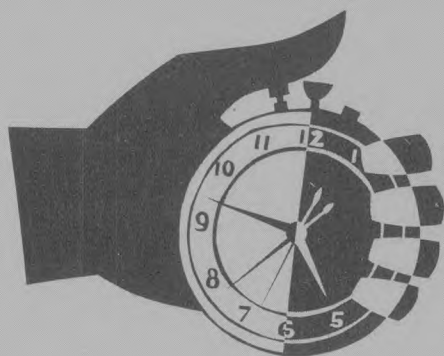
He described the operation as a viable one, but its activities "are not in the mainstream of the corporation's strategic business direction."

First Chicago recently signed an agreement to purchase the \$600-million bank-card portfolio of Bankers Trust New York Corp. That purchase also is expected to be completed during the first half of 1982.

Bank Presents Gift Checks



As part of its recent 75th-anniversary celebration, Bank of Jena, La., presented checks of \$2,500 each to two local medical facilities. The checks represented the bank's gift to the community. Shown are Walter E. Dorroh (c.), bank v. ch., presenting checks to Ben Andrews (l.), administrator, LaSalle General Hospital, and M. L. Barksdale, administrator, Hardtner Medical Center. The checks were presented during a community-wide open-house celebration at the bank.



Taming Time

By William D. Ellis

*Reprinted from Sohio, the magazine of
Standard Oil Co. (Ohio).*

WHO'S IN CHARGE here, anyway? You or the clock?

Come midnight Sunday, there's still a day's worth of work and living you wanted to get done but couldn't? Some for the family? For the company? Friends? Your community?

Some for *you*?

Don't throw in the towel. Build a 25-hour day.

How? Sleep faster? No, but you *can* get your act together. Organize. Systematize. Make the clock work *for* you, not *against* you. There are ways.

Dare to face your priorities. "You must control your time or someone else will control it for you," warns time-management consultant T. Kenneth White, who teaches time-management seminars for employees at Sohio's Warrensville Research Laboratory near Cleveland.

Most of us probably know that, to get an armlock on our time, we have to prioritize. First things first. Last things might not get done; can they be so important?

The catch is, you must work your priorities on paper. Otherwise, you cheat. Or forget. It might take you 10 tries to lock onto your *real* priorities — personal and professional; short-, middle- and long-range. But it's a great start for getting your act together.

Employees on Warrensville Lab's development and training staff have prioritizing down to a science.

"We list every task in our group according to 'must do's,' 'should do's' and 'nice to do's,'" explains Virginia Marino, development and training associate.

To keep tasks that must be done in the future from falling through the cracks, the group puts them on a list called the "job jar." "Every so often we check the job-jar list. When an item on the list becomes current, we give it a priority and put it on one of our main lists of things to do," says Miss Marino.

Be a list freak. A good variation on prioritizing: starting your day with a list of tasks to accomplish. Break the big ones down into smaller, manageable ones. List them in order of importance.

"The beauty is, when you finish one task, you check it off," says avid list maker Mary Wood, assistant supervisor of the Warrensville Lab library. "That's satisfaction! It reinforces you and motivates you to keep chugging away at the list."

Friend or Frankenstein? The next

You're weary of the promises-never-kept syndrome. The here-today-gone-tomorrow account representative shuffle. The disappearing product act. In short, you haven't been satisfied with the results — and that's fine with us. Because it gives us the opportunity to show you what Acceleration can do. Here's a brief rundown on our product portfolio:

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For your customers

***Credit life and disability insurance pro-**

vides coverage on installment loans in the event of the customer's death or disability.

***Total Obligation Protection (TOP)** provides unlimited coverage with a flexible life insurance program designed to protect the customer's family and business from loan responsibilities.

***CreditGuard** provides coverage for the outstanding balance of a VISA or MasterCard account in the event of your customer's death or disability.

***The Advantage**, a tax-efficient single premium life insurance policy designed to accumulate and distribute long-term savings for your customers.

***Mortgage Life Insurance** to pay off a customer's home mortgage in the event of death or disability.

For your employees

***Tomorrow's Income Plan (TIP)**, a tax-deferred income program for cash accumulation with guaranteed monthly payments upon retirement; payable under payroll deduction plan.

***Personal Insurance Protection** offers competitive premium rates on automobile, homeowner, condominium and tenants insurance.

Acceleration's service satisfies even the most discriminating bankers. Isn't it time you found out why?



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SOME PEOPLE ARE NEVER SATISFIED

IF YOU'RE ONE OF THEM, GIVE ACCELERATION A CALL.



step after prioritizing is making up schedules — putting priorities in time slots.

A realistic schedule can make life beautiful, but it can turn the clock into a monster if it contains the three big goofs of overscheduling: no safety gaps between projects; no time for the unexpected; no time to smell the roses along life's path.

Active in his church and as a scoutmaster, Michael Finkler — process supervisor at Sohio's Toledo refinery — uses pocket schedule books to keep his busy life in order. But he makes sure *he's* the master of the schedule — not the other way around.

"I make sure I spend time with my wife and four children. I schedule a family day or night each week. The kids take turns picking the activity — going to the zoo or playing miniature golf, for instance."

Head off surprises. The biggest hunks of time are created by surprise-avoidance. The unexpected destroys schedules. Anticipate time-robbars that *could* happen. They probably will, so plan around them.

Lump it (together, that is). Diedre Bush, a land person at Sohio's Anchorage office, packs a lot into her life with this technique, consolidating similar projects.

"I bunch together errands," says Mrs. Bush. "If I have to walk down the hall for a task, I try to think of other tasks I can take care of in the same trip. I try to take care of several subjects with a phone call. I plan my groceries for a month and buy everything at once. And I buy a year's supply of certain items — paper goods, canned food, dry milk."

With time-management techniques, Mrs. Bush keeps on top of a busy job, takes care of her family and home, attends college two nights a week (she's studying economics), studies, reads, does needlepoint and tutors a pupil as part of an Anchorage literacy program. The student comes to Mrs. Bush's office for lunch-time sessions. "That gives us both more time because I don't waste time commuting," says Mrs. Bush.

Winning the paper war. It's a big one, but the veterans know winning solutions:

- Don't attack incoming paper as each piece arrives. Set a specific time to hit the whole stack.

- Scan the stack before studying closely. This often shrinks the stack. A surprising amount of paperwork is routine. Much can be put aside at a glance — or tossed out.

- Dispatch the easier paper first, any requiring a checkoff, signature, filing, tossing.

- Of the remaining papers, separate and attack those with short time fuses.

- If a too-fat document floats up from someone below, send it back to be slimmed or summarized.

- If a too-fat document comes down from above, ask if a colleague has studied a copy. Can he or she give you a verbal summary?

- On outgoing paperwork: Will a memo or letter you previously wrote serve — with modifications?

- If a memo or letter requires a comment or answer, can you write on the document rather than type up a new piece of paper to attach?

Often bombarded by paper, George Lloyd of Sohio's Marcus Hook (Pa.) refinery uses a favorite strategy on the paper-war front.

"I do my paperwork when people I have to contact are not available," says the warehouse supervisor. "Hitting a batch of paper in the same category, such as invoices, gets me into a rhythm, and I want to keep going."

"Where'd I put that #@*#&# report?" Paper you need to keep, and get hold of in a jiff, goes into your files — but when it comes to file folders, be *cheap*. Don't use too many by filing

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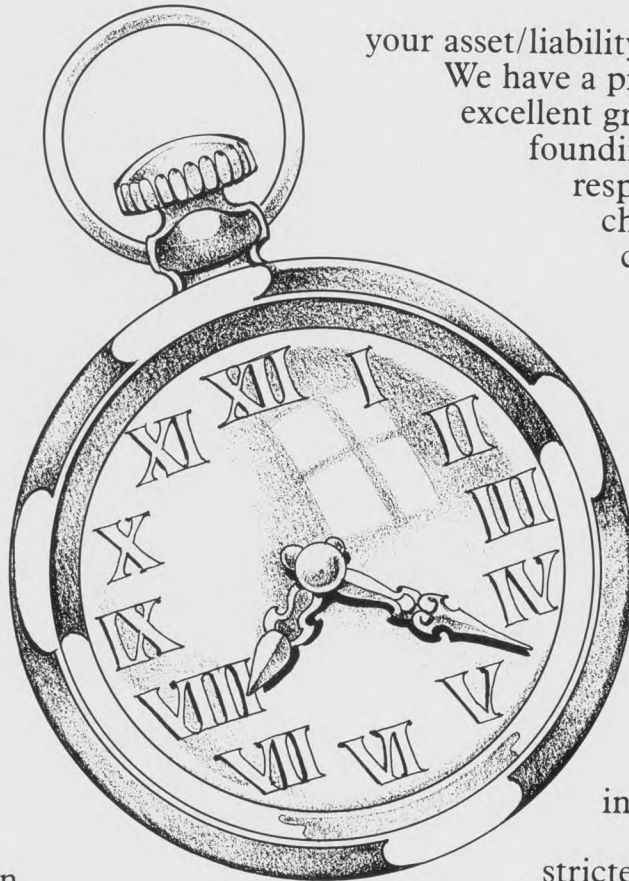
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papers in a lot of folders with headings that are specific. You'll waste time scratching your head over how you categorized a piece of paper. Maybe you'll never find it.

Use file headings that are general and that you'll be able to mentally link with the material you stuck into it. Then let the files get fat.

"A file in most cases is manageable up to a thickness of about an inch," advised Time Expert Stephanie Winston in a *U. S. News & World Report* interview. "Beyond that, it probably should be subdivided or weeded out."

Beating the meeting. If you're on committees in your town, you know the problems of the marathon meeting.

If you're in a position to be arrogant, follow Bob Hope's rule: "Always be late for every meeting. All you miss are the golf and fishing lies."

But if you are running the meeting, you can control the time. Meeting Consultant Merrill Douglas puts one rule above all: *Have an agenda*, no matter how crude, at least verbal. It sorts out priorities, keeps business on track.

The skinflint imperative. A friend asks you to blow a half day on something you have zero interest in. You want to say forget it, but you cave in, right?

It's hard to say no to friends. Practice in front of a mirror: "I just can't afford the time." If they're real friends, they'll catch on.

"I want to be alone." Chatting with co-workers is part of the office social scene. Fine, but it can eat up time. Set part of the day aside to be a loner by putting a sign on the door telling people to come back later.

Return the favor. Show the other person respect for his time. It is an automatic signal to him that your time is precious.

Prescription for the big earache. The telephone is a killer. But if you come on with a friendly but formally clipped tone, the other party usually adopts the pace and spares you the weather and grapevine reports.

Some people group call returns in a bunch. Some return calls right before supper. One gracious homemaker in a telephone neighborhood took to telling the truth: "I'm glad you called. Let's talk fast, I should hang up in five."

Do the big uglies first. Do you debate with yourself over whether to wrap up small projects or start The Big One first?

The experts weigh in for getting the brute started early. You can interrupt

it for smaller jobs, or crash-program them later. If you defer the monster you might run out of time for completing it.

Unplug the big drug. Many of us could build an eighth weekday by partly unhooking from the TV tube. Gloria Steinem found huge time bonuses in

kicking her beloved TV habit. But she doesn't recommend going cold turkey. "I found radio was a kind of methadone for the transition," she says.

Waste not. When you've built extra time into your life, don't fill it with junk. Use it for reasons you wanted. And stop to smell the roses. ●●

Houston Banks Expand Drive-Ins, Segregate Retail, Commercial Lanes



Retail and commercial traffic is segregated at Heights State, Houston, by signs and landscaped divider. Bank has 12 lanes for retail, two for commercial customers.

TWO HOUSTON banks were among the first to pioneer what is fast becoming an industry standard in remote banking. Harrisburg Bank (\$90 million in deposits) and Heights State Bank (more than \$147 million in deposits) implemented expanded commercial drive-in service through the use of remote lanes. In addition, they separated these exclusive commercial lanes from other lanes assigned to retail customers. Results: Improved services for both types of customers, increased teller productivity and increased transaction volumes for each institution.

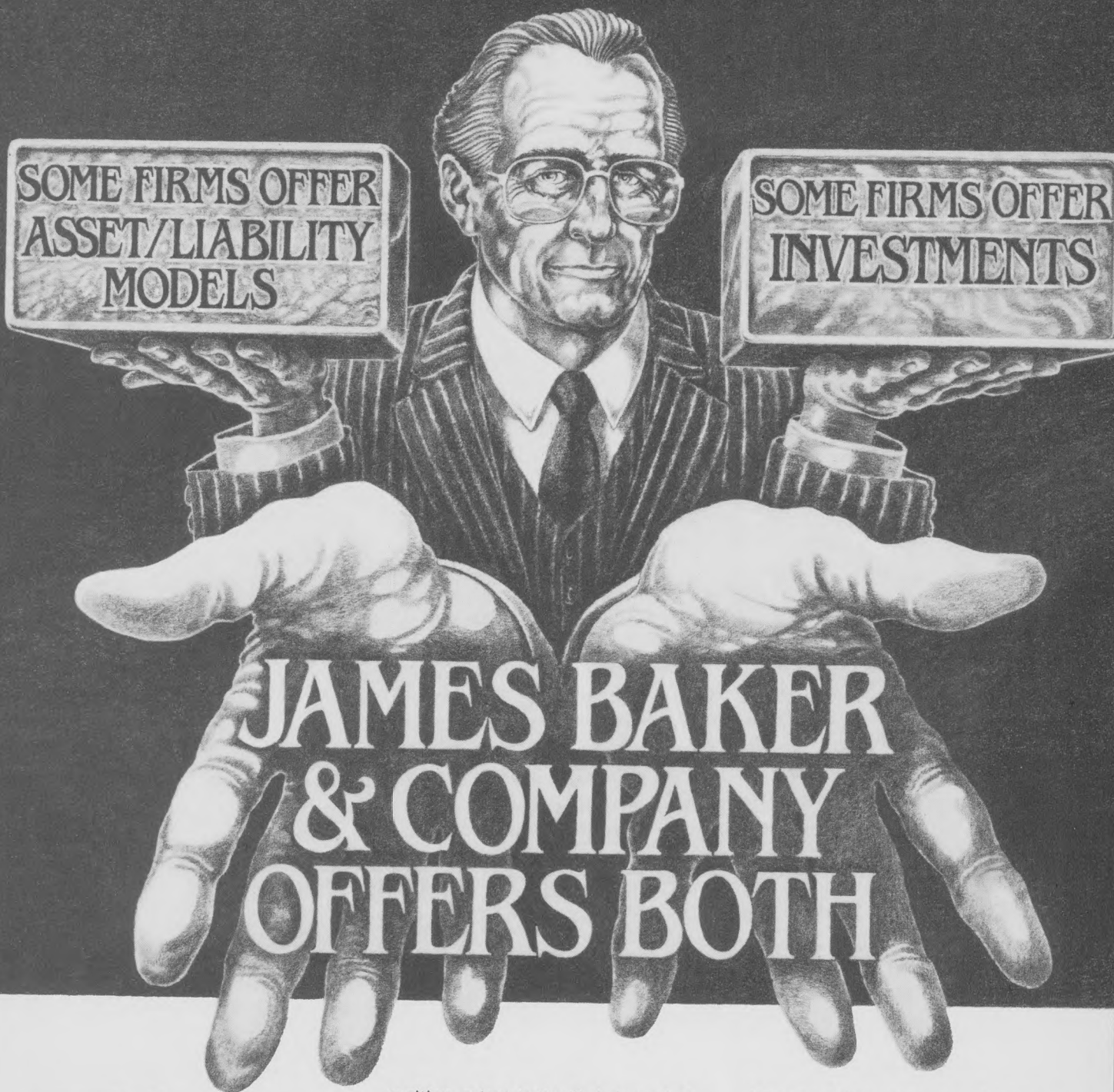
Long lines of traffic and exasperated customers used to be the norm when retail and commercial drive-in customers were mixed. A customer simply wanting to cash a check might be required to wait behind a commercial customer making multiple transactions and needing \$350 in change. The slowing of transaction volume due to

the combined lanes also had a dampening effect on teller productivity.

Aware that retail and commercial customers don't mix, both Harrisburg Bank and Heights State incorporated separation of traffic lanes by account type into their original design plans. Cars and trucks entering the installations are directed into the appropriate lanes by signs indicating which entrance should be used. "Commercial only" signs serve as the first method of segregating traffic at the entrance point. Additionally, large landscaped islands are situated between retail and commercial lanes, extending the division of traffic all the way to the street.

In the selection of remote banking equipment, the banks chose Visual Auto Teller systems (VATs) manufactured by Diebold. VAT 1 or 3 was selected for retail customers; VAT 9 for commercial accounts.

"We selected VAT 9 for its capability to handle the larger, heavier payload



Dr. James V. Baker, author of "Asset/Liability Management," published by the American Bankers Association.

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demands of commercial accounts," explains Harrisburg Bank President Henry Knox. "The VAT 9 offers increased transaction speed and improved convenience for customers and tellers through its tip-out captive carrier system, which eliminates loose carrier handling. The system's 775-cubic-inch and 25-pound-capacity carrier accommodates bulky materials, bags and heavy coinage."

"We don't think twice about loading the system with 30 rolls of quarters or more," explains Joyce Mahnke, assistant vice president/manager, drive-in

services, at Heights State. "Typically, our commercial accounts may request as much as 15 rolls or \$150 in quarters, and 20 rolls or \$100 in dimes. That's a lot of coinage, but we don't have to worry about the weight with the VAT 9 system."

Both institutions operate "head-on" drive-in installations for retail customers. Tellers have full view of approaching traffic from stations that are raised approximately four feet above ground.

"With the flexibility of the system," reports Mr. Knox, "we have been able to establish a cost-efficient and highly productive teller-operating schedule to support 15 lanes of traffic."

Harrisburg Bank's drive-in facility, with its 12 retail and three commercial lanes, its customer-service building covering a 3,500-square-foot area and adjacent parking space, occupies one entire block east of the bank's Main Office. "With an operation the size of ours," states Mr. Knox, "you've got to have the speed and convenience offered by the combination of the VAT system and lane segregation."

Due to the success and customer acceptance of the commercial drive-in program at Harrisburg Bank, a second VAT 9 system to accommodate high-volume truck and van traffic was installed just three months after the program was introduced.

Heights State operates a 14-lane system with 12 head-on lanes for retail accounts and two separate lanes for commercial. "Our customers, both retail and commercial, are especially pleased with the speed and convenience of the program," reports Jim Alberts, executive vice president. "And that satisfaction is evidenced by the rapid increase we have seen in monthly transaction volumes at the site," he added. Monthly figures rose from 14,000 in July, 1980 (the first full month of operation), to well over 50,000 in October, 1981. To date, approximately 70% of the institution's total transactions are at the drive-in; and more than 71,000 commercial transactions have been recorded.

Key factors in the success of drive-in banking programs are the speed and convenience of transactions. Customers select drive-in service for those very reasons; and institutions such as Harrisburg Bank and Heights State are demonstrating an effective method of insuring this service through the practice of lane segregation by account type and the use of remote banking systems that cater to the varying needs of retail and commercial accounts. ●●

John E. Drick Dies

CHICAGO — John E. Drick, 70, former pres., First Nat'l, and its parent HC, First Chicago Corp., died last month.

Mr. Drick joined the bank in its Wall Street office in 1935 and moved to Chicago in 1942. He moved up through official ranks, becoming pres. of the bank and HC in 1969. He was named the bank's executive committee ch. in 1974 and retired in 1977.

Mo./Kan. Trust Meeting Planned for May 5-7

The Missouri-Kansas Bankers associations/trust divisions will hold their annual meeting May 5-7 at Crown Center Hotel, Kansas City.

The tentative program will feature speakers and panels on: "Estate Planning Under ERTA (Economic Recovery Tax Act) of 1981," "Postmortem Estate Planning Under ERTA 1981," "Irrevocable Life Insurance Trusts — Post ERTA" and "Marketing Trust Services."

All attorneys, CPAs and trust bankers are welcome.

Further information can be obtained from: Robert E. Atteberry, Executive Vice President, Southgate Bank, P.O. Box 8266, Prairie Village, KS 66208.

Manny Hanny Gets Award For Sponsoring Films

Manufacturers Hanover Trust, New York City, has received a certificate of appreciation from the city for its sponsorship of "Screen News Digest," a monthly educational film series made available to more than 3,000 school districts in the metropolitan New York area.

The award was presented by Mayor Edward Koch to John F. McGillicuddy, chairman/president, Manufacturers Hanover Corp., in a ceremony at City Hall.

The bank began sponsoring "Screen News Digest" in 1974 and has expanded its support to help fill a void in funds for audiovisual materials in educational budgets.

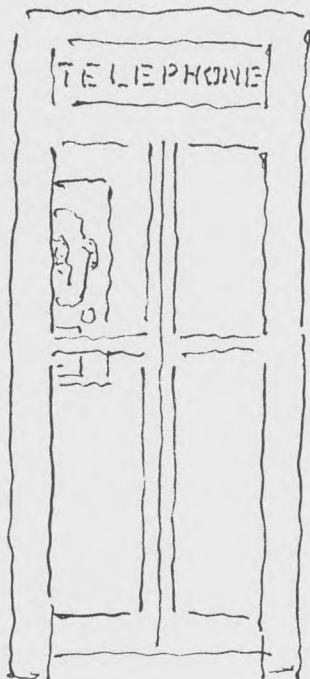
The films are released once a month during the school term and cover a variety of topics in the areas of government and politics, business and economics, science, energy and biographies of well-known persons of historical and political note.

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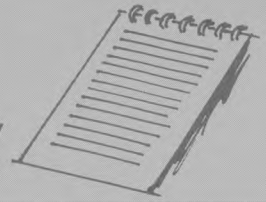


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OPERATIONS... Notebook



A financial planning service to help banks under \$500 million improve profits has been designed by Louisiana National, Baton Rouge, with the assistance of Olsen Research Co., Silver Spring, Md.

The plan, reported in the January issue of "Ideas & Innovations in Banking," published by the Bank Administration Institute, offers an ongoing financial plan to review non-interest income. It enables participating banks to track progress on a monthly basis, develop annual budget and profit plans and provide information to help explore strategic plans and investigate special issues.

According to Paul Melton, vice president/manager, correspondent bank department, at Louisiana National, financial planning is essential because it helps decide where participants are headed, what customers they have and want to keep and how costs are increasing. Financial planning also clarifies discussions about new products and services.

A professional teller program has been developed by Union Bank, Erie, Pa., in an attempt to improve productivity and reduce teller turnover and related costs. The program provides two incentives for tellers — monetary reward and increased recognition and advancement.

The program is expected to not only decrease the number of teller terminations but inner-departmental transfers out of the teller system. The bank also expects to see more transfers into the teller system because of the program.

The program has two phases that include successful completion of AIB courses in banking principles and basic accounting, maintaining a record of no more than \$100 cash over/short for six-month periods, periodic reviews and tests and final committee review.

Productivity is the focus of a new program aimed at improving customer service at First Interstate Bank of Arizona, headquartered in Phoenix.

Branch-office personnel are learning how to work more efficiently through a "production management for bankers" program that teaches them how to measure productivity levels, spot potential areas for improvement and know what actions to take in given situations.

Basic to the program is a three-day workshop in which a select group of branch personnel gains new knowledge in efficiency. This knowledge is applied in special projects while branch managers are given an overview of the program. Employees meet with bank management to review completed projects and discuss what they have learned. Shortly thereafter, they teach other personnel to become more efficient.

Participants learn how to establish meaningful performance goals, how to communicate performance levels and how to analyze consequences of the new goals from the bank's as well as their own points of view. Demand-task scheduling, work-effort reduction, motion economy, batch-task scheduling and other areas also are explored.

Bank management reports that the training and special projects have been helpful in improving efficiency and adjusting staffing. It says employees enjoy coming up

with methods for doing things better and providing quality customer service.

An ATM computerized reporting system — the TAG National Reporting System — has been announced by the TABS Advisory Group (TAG), an independent association of financial institutions comprised of Diebold TABS users.

The system is a management tool that enables institutions to measure the performance of their TABS ATM networks. Participating institutions maintain daily logs that summarize ATM-system performance statistics, customer availability and transaction volumes.

Each TABS user may select from three methods of data input to the processing center: cards; real-time on-line journal entry; or off-line storage on diskette or cassette for high-speed transmission over phone lines. Monthly costs for the report vary according to TAG membership, quantity of data and method of input.

The final report issued by the TAG processing center to each institution is a detailed analysis of the monthly performance and transaction statistics of each ATM in the institution's network. The report also compares the performance of the institution's ATMs to regional and national TABS ATM performance averages.

A well-planned suggestion system is an avenue of communication with bank employees and a tool for improving productivity at banks, said Walter M. Kleinmann, Johnson & Johnson Products, Inc., Chicago, at the BAI's PATH II conference in Atlanta recently.

"The suggestion blank is the vehicle which is the conveyor of the thought processes from employee to employer and back again," he said. "Properly administered, it breaks down the barriers of distrust and develops a well-knit team of management and labor."

Best of all, the system doesn't have to cost its sponsoring bank anything, according to Mr. Kleinmann, because it is self supporting and repays any expenditure over and over again.

"In essence, it is a company freeway to improved operations, cost reduction and greater profits."

"Budgeting, Forecasting and Planning" is the title of a new manual for bank directors authored by Lewis E. Davids, MID-CONTINENT BANKER columnist, and editor, The Bank Board Letter.

The manual is directed toward outside bank directors who often are not familiar with the way banks go about budgeting, forecasting and planning.

"Those in charge of bank planning must answer such basic questions as what business the bank is in, what environment it must operate in, where management wants the bank to go and how it plans to accomplish its goals," Dr. Davids writes. "If a board doesn't know the direction it wants its bank to take, it's likely to opt for a less-than-ideal plan."

The 248-page manual is available at \$27.50 per copy from The Bank Board Letter, 408 Olive St., St. Louis, MO 63102.

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Mid-Continent-Area Banks Report on IRAs: 30-Day Total Climbs to 13,764 Accounts

6,402 More Opened in First Week To Make New Total of 9,824 IRAs

THIRTY-FIVE Mid-Continent-area banks reported opening 6,402 IRAs for customers during the first business week the accounts were available on an expanded basis (January 4-12). Total amount deposited in those accounts was \$14.6 million, making for an average of slightly more than \$2,280 per account.

Reports from these 35 banks were received after the deadline for the February issue. These new figures, therefore, are in addition to the 3,422 IRAs reported opened by 55 banks in last month's issue.

A report of results of MCB's second IRA survey, which covers sales from January 12-February 12, begins in the adjoining column.

Seventeen percent of the banks reported their IRA response was "above normal," 56% termed response "average" and 24% consider response to be "below normal." Seventeen percent of the 35 banks are concentrating their IRA sales efforts primarily on existing customers. Seventy-six percent are offering payroll-deduction IRAs to employees of business firms, but only one bank reports response in that area to be "excellent." Thirty-eight percent termed response "average" and 29% called results "poor."

A summary of results by states follows (bank assets and community populations were taken from current bank directories).

- Alabama (four banks reporting). A \$1.15-billion institution in a city of 284,000 opened 147 IRAs from January 4-12. Total funds in the bank's IRA accounts on January 12 were \$331,378. Response was termed "average."

- A \$58-million-asset bank in a community of 6,600 reported 10 IRAs opened at an average per account of \$855 for an "average" performance.

- Fifty-eight IRAs were opened by a \$614-million bank in a city of 200,000. Average funds per account stands at \$1,380. Response was judged "average" by the bank.

- A bank in a community of 35,000 reported 60 IRAs opened the first week they were available, with an average of \$1,230 per account. The bank has \$213 million in assets and response was termed "average."

- Arkansas (two banks reporting). A "below-normal" response was reported by a bank in a city of 64,000 that opened 37 IRAs from January 4-12. Average per account is \$1,140 at the \$207-million institution.

An average of \$1,550 is in each of the 24 IRAs opened at

(Continued on page 66)

40 Banks Respond to New Survey: Open 3,940 IRAs Jan. 12-Feb. 12

FORTY Mid-Continent-area banks reported opening 3,940 IRAs for customers during the January 12-February 12 reporting period covered by the second in a series of MID-CONTINENT BANKER surveys designed to tabulate the flow of IRAs into commercial banks during the first 90 days of the accounts' availability to the general public.

Average balance for each of the new 3,940 accounts is in excess of \$1,500, according to figures supplied by participating banks.

Combining the number of accounts opened, as reported in the two surveys, results in a total of 13,764 IRAs opened during the 30 business days between January 4 and February 12.

A report of partial results of MCB's first IRA survey, which covers sales from January 4-12, begins in the adjoining column.

Ninety banks responded to the first survey; 40 responded again to the second survey, with additional responses arriving daily. Responses arriving at MCB's editorial offices after February 22 could not be included in this tabulation.

Twenty-two percent of the second-time responding banks covered by this article considered their IRA responses to be "above normal," while 60% termed results "average" and 12% "below normal."

Respondents were asked what percentage of funds in their IRAs opened since January 1 represented new money. Seventeen percent reported between 41%-50%, and another 17% reported between 11%-20% of IRA deposits falling into this category. One bank reported that 99% of its IRA deposits represented new money and 10% reported between 61%-70% in the new-money category.

Sixty-seven percent of the responding banks offer fixed-rate IRAs and 95% offer variable-rate accounts. Fifty percent offer high-deposit CD-IRAs. The majority of IRAs require \$100 or less to open and all but one bank have at least one type of IRA that requires no minimum add-on deposit.

Only 7% of banks responding to the second survey offer free services with IRAs. One bank offers premiums (calculators).

A summary of results by states follows (bank assets and community populations were taken from current bank directories):

- Alabama (two banks reporting). A \$1.15-billion in-

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stitution in a city of 284,000 opened 278 IRAs between January 12-February 12. Average amount per account: \$1,417. Response was termed "average" by the bank's operations officer.

Thirty-one IRAs were opened at a \$58-million bank in a community of 6,600 during the period. The bank's president reported the response to be "average."

● Arkansas (three banks reporting). A \$213-million bank in a community of 35,000 reported 136 new IRAs since January 12. Average balance stands at \$1,460. This bank estimates that 75% of its IRA funds represent new money.

'Above Normal' Response

Fifty-one new IRAs were opened at a \$112-million bank in a community of 23,000 from January 12-February 12. Average per account: \$1,565. Response was judged "above normal." Twenty-five percent of the bank's IRA funds represent new money to the bank.

An average per account of \$1,590 was posted for the 44 new IRAs opened by a \$117-million bank in the same community as the bank in the preceding paragraph. Response has been termed "below normal."

● Illinois (nine banks reporting). Seventeen IRAs were opened during the reporting period at a \$51-million institution in a community of 67,000. The response was termed "below normal" by a vice president. Twenty percent of the bank's IRA deposits are new money.

A \$244-million bank in a city of 90,000 opened 56 new IRAs between January 12-February 12. Average per account: \$1,300, for a "below-normal" assessment of the public's response to buying IRAs. Forty percent of the bank's IRA funds represents new money.

20% New Money in IRAs

A \$61-million institution in the same city of 90,000 opened 70 new IRAs in the same period. Response was termed "average" and 20% of the bank's total IRA money is new to the bank.

Fifty-four new IRAs were opened by a \$122-million bank in a city of 36,000. Average per account: \$1,100. Response: "average."

A \$78-million bank in a community of 6,000 that offers six different types of IRAs opened 34 accounts during the

reporting period. Account average balance is near \$2,000 and response was termed "average."

A \$138-million institution in a community of 17,000 opened 360 new IRAs between January 12-February 12, for an "above-normal" response. The bank estimates that 68% of its IRA funds represent new money. The bank offers four types of IRAs.

Sixteen new IRAs were opened at a \$24.5-million bank in a community of 2,100 during the reporting period. About 50% of the bank's IRA funds represent new money. Response was termed "average."

Software System Available For IRA, Keogh Accounting

A new software system designed to provide financial institutions with control of IRA and Keogh-plan accounting has been introduced by Computrol, Inc., St. Louis. The system was designed and implemented in conjunction with National Bank of Detroit.

Called IRAK (IRA, Keogh), the software system enables financial institutions to offer IRA and Keogh account holders a range of investment instruments while providing them with a statement of their investments.

IRAK gives control of accounting transactions associated with investment instruments, including deposits made at account-holder discretion, funds-transfer transactions, accruals, dividends, account-holder-determined disbursements and calculations of penalties for prematurely closed accounts.

Designed around Computrol's decision-support software system, IRAK makes it possible to make changes in calculations such as revising indexes used in calculating interest on multiple-rate and multiple-maturity financial instruments without program modification.

Computrol's data dictionary permits the user to carry on file data items desired and the ability to add to or delete items at any time. In addition, the system has a built-in report writer that enables the user to control the form and content of daily information reporting without the need for programming. The report-writer feature complements the standard report library from which operating reports are produced automatically under user control.

Program run time is reduced because the system provides a daily calculation of accruals for the general ledger without a complete pass of the account master file.

A \$95-million bank in a community of 17,000 opened 21 new IRAs during the period. The bank requires a \$500 minimum deposit and estimates that 15% of its IRA deposits represent new money.

Twenty-nine new IRAs were opened at a \$36-million bank in a community of 1,800. The bank's cashier terms the response "above normal." Average balance is \$1,588.

● Indiana (two banks reporting). A \$261-million institution in a city of 27,000 opened 205 IRAs in the 23 business days between January 12-February 12. Total funds deposited in those accounts was \$402,731, making for an average balance of \$1,964. The bank requires no minimum for any of its three IRA offerings.

56 IRAs at Small-Town Bank

Fifty-six IRAs were opened at a \$59-million bank in a town of 1,800 during the period. Average per account: \$1,200. Response: "above normal." It's estimated that 25% of the bank's IRA deposits are new money.

● Kansas (eight banks reporting). Fifty-four new IRAs were opened at an \$83-million bank in a city of 25,000. Average per account: \$1,140. Response: "average." Minimum deposit for an IRA: \$100.

A \$26-million bank in a community of 3,400 opened six IRAs during the reporting period. Response: "average." The bank's variable-rate account requires no minimum deposit.

Twenty-one new IRAs were opened at a \$75-million bank in a community of 18,000. The result was judged "below normal" by the bank's assistant cashier. More than 45% of the bank's IRA funds are considered to be new to the institution. The bank offers fixed-rate and variable-rate IRAs with a \$25 minimum deposit.

50% of IRA Money Is New

A \$135-million bank in a city of 40,000 opened 61 new IRAs from January 12-February 12. Average per account: \$1,340. About 50% of the funds is new money. Response: "average."

Twenty-one IRAs were opened at a \$43-million institution in a community of 4,800 during the period. A \$50 minimum is required to open either of the bank's IRAs and there is a \$50 add-on minimum. More than 65% of the

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bank's IRA deposits represent new money.

An \$81-million bank in a city of 120,000 opened 75 new IRAs during the period covered by this survey. About \$140,000 was deposited, making for an average per account of \$1,865. Response: "above normal." The bank offers a variable-rate IRA with no minimum to open or to add.

A \$33-million bank in a city of 115,000 estimates that 99% of its IRA money is new to the bank. Thirteen new accounts were opened during the reporting period, representing almost \$25,000. The bank offers both fixed-rate and variable-rate IRAs, each with \$100 minimums to open and no add-on minimums. Response: "average."

Two hundred and twenty new IRAs were opened at a \$477-million bank in a city of 280,000 during the period. The bank offers six IRA options.

Average IRA Balance — \$1,620

- Kentucky (three banks reporting). A \$122-million bank in a city of 49,000 opened 187 new IRAs between January 12-February 12. Average per account: \$1,620. Response: "above normal." About 50% of the bank's IRA deposits are new money. Two account options are offered: a fixed-rate with a \$500 minimum and a variable-rate with a zero minimum.

Sixty new IRAs were opened by a \$52-million bank in a city of 15,000. Average per account: \$880; response evaluation: "average." Thirty percent of IRA deposits is new money.

A \$100-million bank in a city of 204,000 opened 221 new IRAs during the period. The bank offers fixed- and variable-rate IRAs with \$100 minimums and no add-on restrictions. More than 30% of IRA deposits are new money. Response: "above normal."

- Louisiana (one bank reporting). A \$626-million institution in a city of 75,000 opened 214 new IRAs during the reporting period for an "average" evaluation. Minimum IRA deposit is \$35 and 50% of IRA deposits represent new money.

362 New IRAs Opened

- Mississippi (two banks reporting). A \$378-million bank in a city of 40,000 reports 362 new IRAs during the survey period. Average per account: \$1,222. Response: "above average." The bank's fixed-rate IRA requires a \$2,000 deposit; the variable-rate op-

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"Moderate success" was reported by the president of Valley Federal Savings, Hutchinson, Kan., regarding the first month of the thrift's 20/20 IRA promotion. Valley Federal is offering IRA customers 20% simple interest for 20 years if they open an IRA by the end of March. President Terry Glasscock reported that the offer brought many new accounts, but a number of customers couldn't deposit the \$1,000 necessary to qualify for the 20% rate. Those who qualified earn the high rate only on half their 1982 deposit. If they put the maximum \$2,000 into an IRA, \$1,000 earns the 20% rate and the other \$1,000 earns a variable rate in a separate account. As long as a customer continues to deposit a minimum of \$1,000 annually to his IRA, he will continue to receive the high rate on half of the original 1982 deposit. Mr. Glasscock said Valley Federal's offer is responsible for the thrift chalking up the highest number of IRAs among financial institutions in the Hutchinson area. A portion of the thrift's advertisement announcing the account appears above.

tion has a \$5 minimum to open and no add-on minimum.

Fifty-seven new IRAs were opened at a \$126-million bank in a city of 22,000. Average per account: \$1,227. Response: "average." Almost 40% of IRA funds are new to the bank. Four IRA options are offered, with opening deposits ranging from \$1 to \$1,000.

Four IRA Options Offered

- Missouri (one bank reporting). A \$3.2-billion institution in a city of 453,000 reports 179 new IRAs during the reporting period. Four options are offered — two with \$100 minimums and one each with \$1,000 and \$2,000 minimums. Response: "average."

- Oklahoma (four banks reporting). Fourteen new IRAs were opened at a \$46-million bank in a community of 8,800. Three IRA options are offered — fixed- and variable-rate IRAs carry a \$500 minimum-deposit feature. Response: "above normal." New money: 40%.

A \$194-million bank in a city of 50,000 reported 103 new IRAs worth \$263,256 opened during the period. The bank offers only one option — a variable-rate IRA with no minimum deposit to open or to add. Response: "average." New money: 64%.

Twenty-one new IRAs were opened at a \$75-million bank in a city of 40,000. The bank offers a variable-rate IRA with a \$100 minimum to open and to add. New money estimate: 50%.

A \$112-million bank in a city of 361,000 reports 25 new IRAs for an "average" response. Three options are available — a fixed-rate with a \$250 minimum to open and no add-on minimum; a variable-rate with an opening minimum of \$500 and an add-on minimum of \$25; and a \$2,000 minimum CD. New money estimate: 30%.

New Money in IRAs — 50%

- Tennessee (two banks reporting). Seventy-eight new IRAs were opened at a \$111-million bank in a city of 14,500. Two options are offered — fixed-rate with \$500 minimum to open and to add on; variable-rate with a \$10 minimum to open and \$1 to add on. Response: "average." New money: 50%.

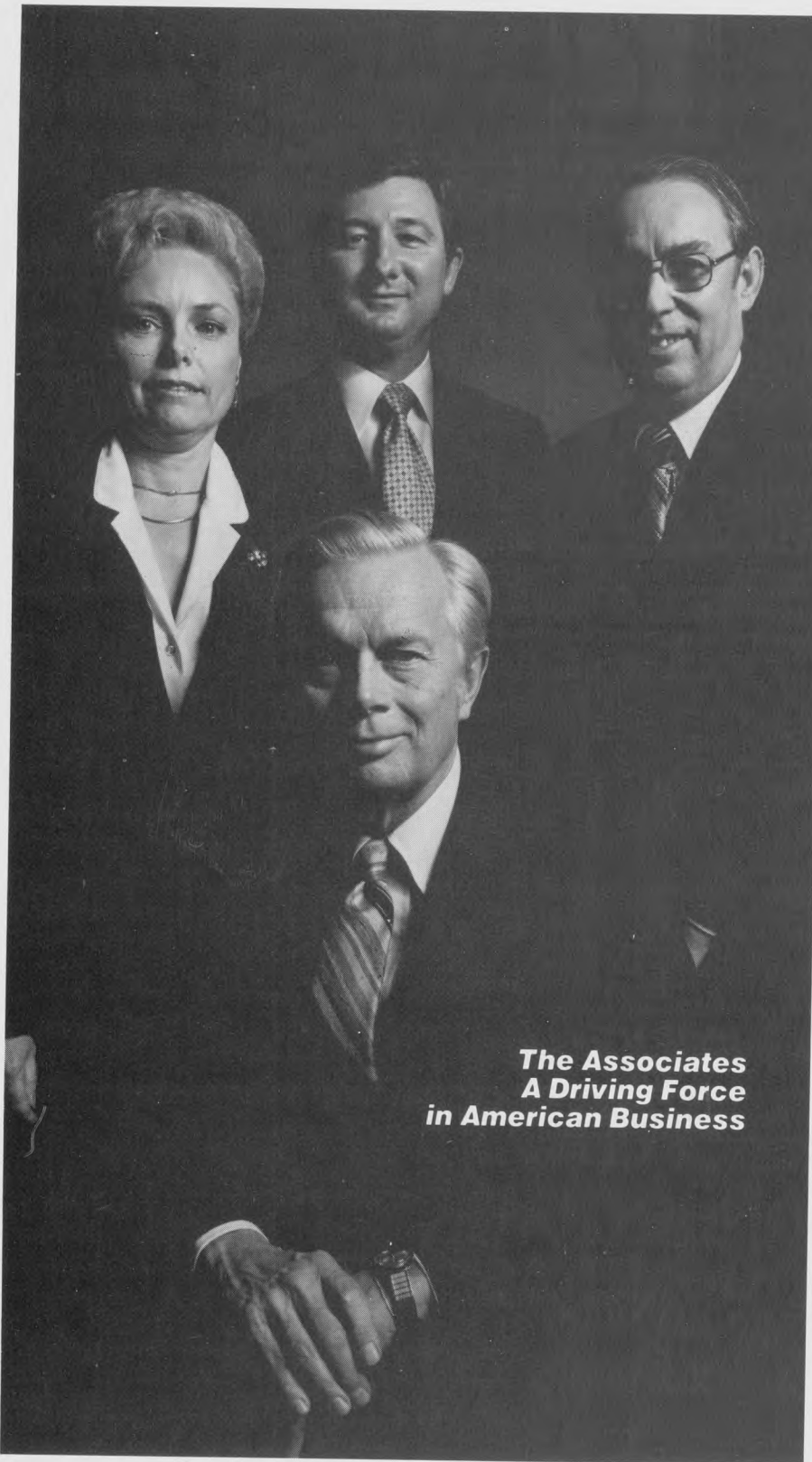
A \$136-million bank in a city of 26,000 reported 277 new IRAs for an "average" response. Accidental death insurance is offered with the four IRA options the bank maintains. Response: "average."

- Texas (three banks reporting). A \$120-million institution in a city of 81,000 chalked up 156 new IRAs during the reporting period. Average per account: \$1,632. New money: 29%. Response: "average." The fixed-rate option requires \$500 to open and \$25 to add on; the variable-rate option takes a \$100 minimum to open and has a \$25 add-on minimum.

During the period, a \$492-million bank in a city of 69,000 opened 27 IRAs, worth almost \$43,000. Response: "average." New money: 13%. The fixed-rate option requires a minimum of \$500 to open and no minimum to add; the variable-rate option requires a \$200 opening deposit and \$25 to add.

The final respondent is a \$69-million bank in a city of 16,000 that reported 30 new IRAs opened during the period, representing almost \$40,000. Response: "below normal." New money: 25%. The bank offers a variable-rate IRA with a minimum opening deposit of \$100 and no minimum to add — Jim Fabian, senior editor. ●●

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Bank-at-Home Completes First Year; Offers New Dimension of Convenience

By Tom Greer, Sales/Marketing Representative, United American Service Corp., Knoxville, Tenn.

THE TECHNOLOGICAL revolution taking place in the financial industry today is spawning a myriad of sophisticated delivery systems for the marketplace. With the advent of electronic delivery, innovative products and services are unfolding, rapidly changing traditional methods of banking. Through on-line computer access, interactive home banking, the latest service, promises a new dimension in convenience for bank customers. This new delivery service follows in the footsteps of ATMs and telephone bill paying.

"Bank-at-Home"™ has moved out of the concept stage into reality at United American Bank in Knoxville, Tenn. Developed by United American Service Corp. (UASC) in conjunction with Radio Shack and CompuServe, the system is much more than just home banking — it's actually three services in one.

The 300 users on the system now are accustomed to bill paying, account inquiry, seeing a list of all transactions and checking the latest CD rates — all from the comfort of their own homes. They also can apply for loans over the system. These people recently completed an introductory period of one year with the service.

Through the CompuServe network, users take advantage of a comprehensive news and financial advisory service. Via electronic mail, users also have the opportunity to send messages to each other with the system. Their home computer also is available for personal use, allowing individual programming, electronic games and household management applications. This three-in-one combination serves as a total-information delivery system permitting two-way communication from the user to the financial institution and distant data banks. The entire service is designed as "user friendly" with the customer in mind.

United American, Knoxville, was chosen by UASC as the first bank to offer the system in October, 1980. United American, Memphis, recently went on-line and other banks are under contract for the service.



Bank-at-Home customer uses bill-paying feature of system, utilizing keyboard, telephone and TV. Customers of United American, Knoxville, Tenn., use system three times weekly for five-minute periods, on average.

The operating system. Banks considering home banking have many questions about the service regarding hardware requirements, components needed for a successful program, most-profitable services, security needed and best approach. One additional question is asked by everyone — How much does it cost?

Bankers must address these important questions. A service that continuously breaks down will cause users to lose patience, drop the service, and worst of all, question the credibility of the institution. Thus, proper technology as well as "up-time" are important elements in a functional, in-home banking computer system.

Bank-at-Home equipment requirements. The system consists of the following configurations (with proper IDs and a password):

- A TRS-80 color computer with a plug-in, read-only memory communication cartridge. Bank customers are issued certificates to redeem at any Radio Shack store in order to purchase the computer. Retail price — \$399.

- A modem that provides the interface connection from the computer to the telephone line. List price — \$199.

- Power cord — \$19.95. So the total system costs about \$618, not including taxes. United American Bank charges \$5 per month for services.

A TRS-80 Videotex terminal with

built-in program and modem also can be utilized and other computer terminal configurations approved by UASC are acceptable.

UASC recently announced a new product to provide additional security. Called the "key," this device utilizes a unique magnetic card that unlocks a special card-reader modem attached to the computer. It also provides data encryption using the DES standard to insure privacy and security. This product opens the door for almost any computer to be used with Bank-at-Home as well as providing ultimate security for the system. It's an important addition, especially in the commercial marketplace, where large-dollar-amount transactions are made.

How Bank-at-Home works. Using the home computer and proper IDs, the customer calls a local number to access CompuServe Information Service, which serves as the communication link between the user and the bank. (Additional access is available through Tymnet and a nationwide WATS number.) Following verification, the computer switches to the Knoxville host at UASC which asks for a user ID and a bank password (selected and known only by the user). If verification is accepted, the Bank-at-Home format in "menu" selection appears on the screen.

In the banking mode, users have access to five basic screens of services containing the following information:

- **Bank Information.** Consisting of informational display screens, this area contains any information the bank would like the customer to read, such as information about new banking services and new programs for customers.

- **Tel-a-Pay®** allows the customer to pay bills with specified payment dates to merchants on his individual list of merchants. This list is set up by prior arrangement between UASC and the bank. Only merchants to be paid are on the list. The Bank-at-Home system displays the merchant list and the user selects the merchants he wants to pay. The customer can type in the current date or a date as much as 30 days after the current date. The system will re-

display the merchant name, amount and date and then ask the customer to verify the information.

There also are informational screens within the bill-payment system that tell the customer how to add or delete merchants or cancel payments and also how to use the bill-payment feature.

● *Statement.* The customer can see a list of all checking and regular savings-account statements. Information includes current balance, balance of last statement, date of last statement and a list of all debits and credits to the account since the date of the last statement. The savings-account statement also displays accrued interest.

● *CD rates.* This area shows the latest CD rate plus savings and money-market rates. Information can be updated continuously.

● *User information.* This category gives instructions to the customer on

how to use the Bank-at-Home system. This screen can be changed as new functions are added to the system.

Users key in the number corresponding to the banking service they wish to use and press "enter" on the computer. Only the number is entered. It is not necessary to enter the name of the service. Financial institutions have the option to make changes in most areas to tailor their programs. When banking transactions are completed, the user simply types "bye" and enters the command.

United American, Knoxville, currently markets the system to high-income bank customers and reports a high satisfaction level of approval. Bill-paying and account-inquiry functions are the most popular features. With postage at 20 cents, customers regularly take advantage of electronic bill paying in order to save both money

and time. Average use of the system is three times a week for a minimum of five minutes.

Bankers are watching with anticipation as Bank-at-Home continues to evolve in today's rapidly changing financial environment. It's happening now in Tennessee and the trend will continue nationwide.

As with many innovative products, customer acceptance and market penetration will speed acceptance of in-home delivery services. Rising energy costs, coupled with reduced computer costs, plus the convenience factor, also will hasten development of the product. It could become as commonplace as the telephone.

In the competitive financial marketplace, innovative institutions that position themselves now with state-of-the-art electronic delivery products will reap rewards later. ●●

'Bank-at-Office' System Available to Businesses

A COMPUTER service that permits small- or medium-sized businesses to perform most of their routine financial transactions from their offices instead of at banks is being offered by United American Service Corp. (UASC), Knoxville, Tenn. The service permits a commercial firm to do its banking 24 hours a day without going through a bank employee.

"Business Manager" is the name of the system, which is described as "the first total financial information service package tailored to the special needs of the small- and medium-sized company," by Tom Greer, sales/marketing representative for UASC.

Features of the cash-management system include the capability to:

● Obtain instant information about activity in operating accounts.

● Control, report, schedule and process payables and amounts due.

● Eliminate manual production of checks and drafts.

● Shift funds between accounts.

The system furnishes a company with the latest information necessary to efficient business operations, Mr. Greer says, including:

● Latest CD, savings and money-market rates.

● Latest financial data, such as stock-market prices and news from national information networks.

The system also provides electronic mail service, according to Mr. Greer. Company representatives can send



The commercial side of "Bank-at-Home" service is "Business Manager," a bank-at-the-office system for small- and medium-sized businesses. Suzanne Lindsey and Mike Woods of UASC, Knoxville, Tenn., test system, which supports an IBM Displaywriter.

and receive instantaneous messages with others on the same system, whether across the country or down the street.

The IBM Displaywriter System is completely self-contained with numerous bookkeeping and word-processing applications, Mr. Greer says. "It's a sophisticated tool for writing, revising and distributing documents and can be operated by in-house clerical staff without bringing in trained programmers."

The system permits individual companies to use supplemental software packages that best suit business and accounting needs. In essence, Mr. Greer says, UASC provides the ability for the company's equipment to talk to the bank's computer.

Groups of professionals and self-employed businessmen who face large amounts of record-keeping find the package especially beneficial, he says.

'Essentials of Bank Leasing' Available From ABA

A new publication has been issued by the ABA that explains the impact of the Economic Recovery Tax Act of 1981 on leasing. It also covers the federal banking regulations, IRS regulations, financial accounting rules and legal definitions associated with the act.

Intended as both a primer and reference guide, the book covers aspects of corporate leasing, including advantages, tax implications, risks, funding, staffing and documentation. Also included is a glossary and selected sections of the tax act, the Comptroller's interpretive ruling on the leasing of personal property and Regulation Y as it relates to leasing.

The book is authored by James P. Walsh, president, Huntington Leasing Co., a subsidiary of Huntington National, Columbus, O.

"The Essentials of Bank Leasing" is available from ABA Order Processing, 1120 Connecticut Ave., N. W., Washington, DC 20036. Price: \$20 for members, \$25 for non-members. Catalog number is #169000.

How to Short-Circuit Computer Crime



By Frederick S. Atkari, Director, Computer Services Group, Alexander Grant & Co., Chicago.

IT IS a quiet afternoon in a small midwestern bank. Casually, between customers, a trusted veteran teller studies a computer-generated list of inactive checking accounts. As he has done for the past 12 months, the teller, his supervisor only yards away, activates his computer terminal and transfers funds in \$10 and \$25 increments from selected accounts into one belonging to a close friend.

The next afternoon, the teller's friend strolls into the bank, exchanges friendly words with several bank officers, goes to the teller's window and presents a check for cash in the amount

of \$500. The teller courteously cashes the check for the sum requested.

That night, the two meet over beers and evenly split their take.

Although the embezzled funds are relatively small, they will cost the bank many thousands of dollars until the fraud is detected.

If it ever is.

The above scenario demonstrates that computer crime no longer is the sole province of multi-billion-dollar banking institutions. Any bank, large or small, that uses a computer to record transactions, manage accounts, pay bills, issue payroll checks or per-

form any other accounting function is vulnerable to this relatively new and often underestimated avenue for sophisticated theft.

Responsibility for preventing this kind of abuse falls squarely on management's shoulders. The Foreign Corrupt Practices Act of 1977 affirms the precept that company executives alone must see that controls are imposed to protect the integrity of internal auditing systems. This idea is just as relevant to data processing for those companies not doing business with foreign nations. It is, after all, a matter of practicality. Any administrator who pleads ignorance and leaves the responsibility for computer operations to a subordinate, no matter how trusted, is a prime target for electronic chicanery.

Although still rare, the incidence of computer crime is growing rapidly. Newspapers have carried numerous stories of enterprising students who have played havoc with academic records in their attempts to master supposedly restricted institutional computer systems. Here the motive is not material gain, but the precious computer time itself with which these sophisticated youngsters can expedite their other pet projects and investigations.

On the corporate level, the 1973 Equity Funding case is the largest example of computer abuse. In that instance, the New York-based insurance HC used a computer to generate \$27.5 million in phony policies that were subsequently sold to reinsurers. More recently, California's Wells Fargo Bank, the nation's 11th largest, was the victim of large-scale computer fraud that cost the company over \$21 million. The alleged perpetrator was an internal operations officer.

As easy-to-use, low-cost computers proliferate, the number of related crimes is expected to increase. As reported in the April 20, 1981, issue of *Business Week*, only 1,500 personal computers were sold in the United States prior to 1975. International Data Corp. now estimates that total to be close to 500,000 and it probably will skyrocket to three million by 1985.

Estimates of losses due to computer crime now range anywhere from \$100 million to \$3 billion annually. This amount is expected to grow substantially, not through major thefts on the Equity Funding or Wells Fargo scale, but by a rapid increase in the incidence of small-time fraud. Still, regular losses of \$100 or \$1,000 can be just as devastating to a small institution as a multimillion-dollar embezzlement is to a major national corporation.

Clearly, the need for firm and effective controls exists wherever a compu-

10 steps to guard against bank computer crime as recommended by Alexander Grant & Co.:

1. Situate computers in a secure location.
2. Restrict access to only those individuals directly involved with computer operations.
3. Avoid telephone links with micro-computers unless other safeguards are in place.
4. Copy all computerized master files twice. Keep one on the premises and remove the other to another location.
5. Segregate responsibilities for system design, programming, computer operations and data entry among various individuals.
6. Use passwords for computer access, and assign specific entry codes to individual functions and operations. Likewise, individual terminals can be assigned to specific operations. Void personal passwords immediately should an employee resign or be fired.
7. Implement programs that will flag financial transactions that do not conform to an established norm.
8. Secure lists of all inactive or dormant accounts.
9. If using telephone lines for data transmission, install signal scramblers to inhibit wire taps and prevent unauthorized entry. Also, change the access phone number periodically.
10. Have an experienced auditor examine your computer system and recommend safeguards tailored to your individual needs.

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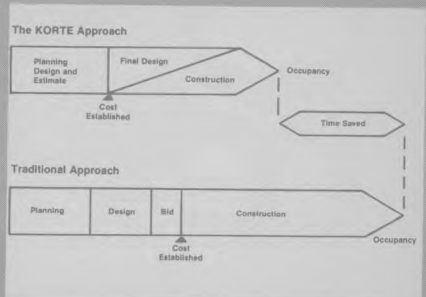
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ter is present. The type and level of sophistication of these controls will depend on the size and complexity of the system involved and functions it has been designed to perform.

Here are some precautions that can be taken by officers of banking institutions:

Physical Security. Physical security is one of the simplest and most effective deterrents to electronic crime for banks employing personal-sized microcomputer systems for internal auditing and payroll. It is also one of the most overrated and useless barriers to fraud in larger mainframe operations.

If a bank utilizes a micro-system, the kind that can be purchased in most any computer shop for under \$10,000,

Any administrator who pleads ignorance and leaves the responsibility for computer operations to a subordinate, no matter how trusted, is a prime target for electronic chicanery.

physical access should be restricted to those directly responsible for its operations. When not in use, the computer should be locked away in a secure location.

Some micro-systems have telephone hookups so company personnel can communicate with the computer from terminals in their homes. While this is a desirable convenience, it also leaves the computers vulnerable to anyone who has learned or can manufacture a password. Remote links to micro-systems, therefore, should be avoided unless other more sophisticated safeguards have been instituted.

Which brings us to mainframe computers, those cybernetic leviathans that daily exchange countless billions of bits of information via the common telephone line. Although there is a flourishing industry selling ways to protect such computers from intruders, magnetic passes and other high-tech devices are a poor defense against a clever programmer with a telephone and terminal of his own.

This does not dismiss totally the need to shield computer hardware. Direct physical assaults on company computers are not unheard of, and while a two-inch steel door and electronic dead bolt may do little to prevent subtle tampering with internal programs, they can be effective against a disgruntled employee with a tire iron.

Even if the possibility of vandalism is remote, managers should take steps to protect their most valuable commodity — their computer software — from loss or damage, accidental or intentional. As a matter of course, all computerized master files should be copied twice, one copy kept on the premises and another at some other location. This latter step will ensure institutional continuity even in case of destruction of physical plant by fire, storm, earthquake or other disaster.

Segregation of Duties. For larger banks with data-processing budgets over \$10,000 a month, dividing design and operational responsibilities among numerous employees is one of the simplest and surest ways to keep a computer system honest. Systems analysts, programmers, computer operators and data-entry personnel should be limited in their knowledge to only that information necessary to their specific areas of activity. No designer should have access to programs or data files. No programmer should be regularly involved in daily computer operations. No computer operator should be entering transactions via terminal; this should be done only by data-entry personnel.

When no single employee knows how the entire computer system operates, chances are remote one will be sophisticated enough to abuse it for his/her own ends.

Unfortunately, in small banks, such segregation is not always feasible. In institutions with 20 or fewer employees, the designer, programmer and operator often are the same person. Such concentration of responsibility, unless in the hands of the bank president, places the institution in a precarious position. While it may limit the number of suspects should fraud occur, it also greatly lessens the chances that such fraud ever will be caught.

It also is wise to restrict circulation of lists containing names of inactive and dormant accounts. These are the ones most likely to be subject to "juggling," and the fewer number of people who know about them, the safer they will be.

Internal Safeguards. Beyond physical and organizational procedures, numerous measures can be taken within the computer system itself to prevent unauthorized use.

The most common of these is the password. In this case, the terminal operator must enter a specific code before access to computer software can be gained.

(Continued on page 72)

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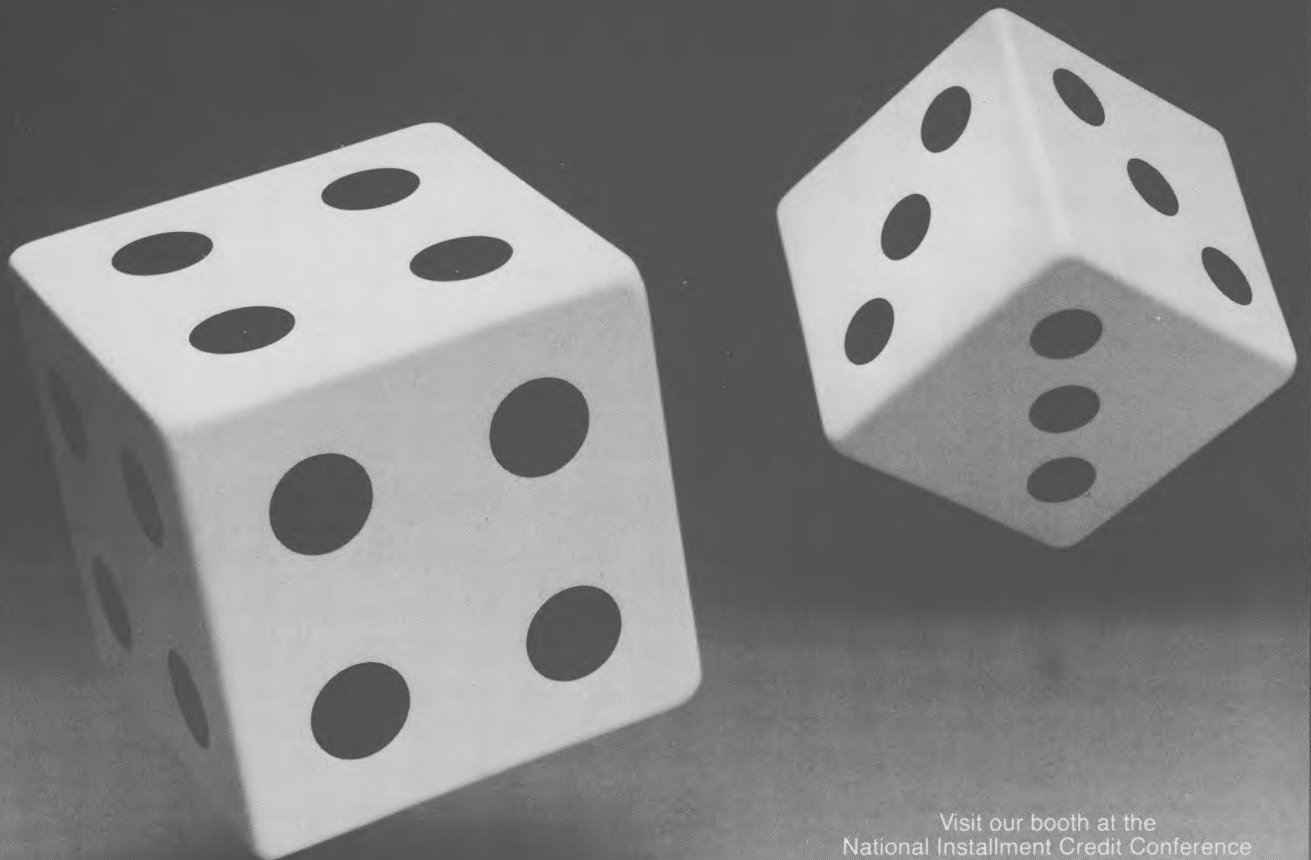
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For Independent, Community Banks —

Banking Cooperative Association Is Introduced in Tennessee

A BANKING cooperative association has been formed in Tennessee to help independent and community banks compete in the financial marketplace of the 1980s. Called United Southern Corp., it's headquartered in Nashville, and it's said to be the first such association in the nation.

"With approximately 15,000 commercial banks in the United States and banking structure varying greatly from state to state," says Frank A. Woods, president, United Southern Bank (formerly United American), Nashville, "this banking cooperative association represents an unprecedented effort to enhance the competitive effectiveness of independent and community banks."

Mr. Woods is a co-founder of the new corporation with Charles W. Bone, a lawyer with close ties to independent, community banks throughout the Southeast.

"United Southern Corp. is designed to provide that competitive boost to independent banks through cooperative efforts in specialized banking, financial and management-support services," says Mr. Woods.

Member institutions in the new association, according to Messrs. Woods and Bone, will share both benefits and costs of developing and implementing these specialized banking services.

"Unique to the concept of United Southern Corp.," Mr. Woods points out, "will be the fact that all participating banks in the association will retain their existing and individual ownership, their local management and boards of directors and will continue to concentrate their energies and attention toward serving the needs of their own particular banking markets."

"Member institutions of this new association may elect to utilize a shared name — United Southern or US Bank . . . and will pool marketing and advertising resources on a pro-rata basis to be able to utilize regional advertising media like television, radio, newspapers and billboards for



BONE



WOODS

Frank A. Woods and Charles W. Bone are co-founders of United Southern Corp., Nashville, banking cooperative association formed to help independent and community banks compete in financial marketplace of '80s. Mr. Woods is pres., United Southern Bank (formerly United American), also in Nashville. Mr. Bone is lawyer with close ties to independent, community banks throughout Southeast.

joint promotion of participating banks."

United Southern Corp.'s co-founders said it will take a leading role in creation and development of a number of new banking products and services tailored especially to independent, community banks' needs, services that no one of the participating banks could afford to develop within its own resources alone.



US BANK
UNITED SOUTHERN BANK

This is logo designed for banks that join new United Southern Corp., Nashville, and change their names to United Southern or US Bank. Name change, however, is optional.

In addition to shared marketing and advertising efforts to create a broad-based identity throughout the region, Mr. Woods and Mr. Bone say these new services may include:

- Development of a regional automated-teller system where a customer's card — issued by any participating bank — can access ATMs located throughout the area.

- Organization of a bankers' bank that could specialize in handling bank deposits and bank cash management. This is a new type of bank that was authorized with defined advantages for community banks within the past two years.

- Special advisory and strategic-planning services for best utilization of deposits so participating banks can pay the highest possible rates to their local customers.

- Establishment of a leasing company to work with member banks.

- Loan-participation sharing so community banks might attract some of the higher-yielding-rate returns.

- Possible formation of real-estate and mortgage-placement services.

- Refinement of asset/liability-management procedures designed for community banks' special circumstances.

- Shared bulk purchasing of both equipment and expendable supplies to achieve the lowest cost possible for participating banks.

Messrs. Woods and Bone point out they have been active in statewide efforts to preserve the existing structure of Tennessee's independent, community banks against encroachment of giant, multi-bank HCs. They say United Southern Corp. will be a major step toward giving independent banks the opportunity to compete on a more equal basis with these giant institutions.

"The historic importance of community banks in development of our state, region and nation is a well-accepted fact," Mr. Bone says. "The direction of community banking in the future, however, is a subject of great



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Here Are US Banks

The new banking cooperative association formed in Tennessee, called United Southern Corp., is rapidly attracting member banks. The association, headquartered in Nashville, has as its purpose: to help independent and community banks compete in the financial marketplace of the '80s.

As of press time, the following banks had joined the association (their new names also are listed): United American Bank, Nashville (US Bank); Bank of Gallatin, (US Bank); Central City Bank, Murfreesboro (US Bank of Rutherford County); Bank of Clarksville (US Bank); United American Bank in Dickson County, Dickson (US Bank in Dickson County); Citizens Bank, Waverly (US Bank of Humphreys County), and Cheatham State (US Bank of Cheatham County).

debate, especially in light of the aggressive expansionism being embraced by some of the largest regional and money-center banks, as well as the growth of new competition from non-bank institutions."

However, United Southern Corp.'s co-founders are convinced that membership in the association will enable Tennessee's independent and community banks to have a vehicle through which they will be able to compete with giant multi-bank HCs and other large financial entities without sacrificing their most valuable assets — active ownership, community involvement and local decisions made by local people for local purposes. ●●

Two Journalism Grants Made by Continental Bank

Continental Bank, Chicago, has made two grants to forward the profession of journalism.

One grant has been made to the Chicago Headline Club Chapter of the Society of Professional Journalists to fund a program or project for the encouragement of a continuing free press.

The other grant was given to the World Press Institute at Macalester College, St. Paul, Minn., to help promote understanding of the U. S., its people, institutions and values among journalists from other countries.

MID-CONTINENT BANKER for March, 1982

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Winners of scholarships given away by Planters Bank, Salina, Kan., are pictured (some with their parents) after being notified of their good luck. At extreme right is bank's pres., L. Dean Tinkler.

Bank Gives Scholarships To Celebrate Move To New Quarters

A MOVE to new quarters by Planters Bank, Salina, Kan., late last year signified a double investment by the bank in its community. Not only did it remain downtown on the same block where it has been located since opening in 1900, but — to celebrate

the opening of its new home — the bank gave away \$72,000 worth of college scholarships to area young people.

The bank offered 18 \$4,000 scholarships — one in each age category from one to 18 — to anyone 18 or under and a permanent resident of Saline County. The youngsters themselves or their parents, grandparents and relatives could enter names by filling out contest forms that were available at the bank or those that appeared in Planters Bank's newspaper ads, then depositing the forms in proper entry boxes at the bank.

A public drawing for the scholarships was held at 5 p.m. December 6, the second day of a two-day open house celebrating the bank's move. The youngest winner was six-week-old Clarice Crawford. The oldest winner, Ann Garrison, 18, plans to use her scholarship next fall, when she begins study toward a psychology major at Kansas State University/Manhattan.

The open-house celebration, designated by the bank as the "Big Event," also featured a gigantic cake that took professional bakers a week to assemble, clowns, balloons and popcorn for children and Planters' coffee mugs for adults. In addition, the big-band sound was provided by the Bethany College State Band, and the Lindsborg Swedish dancers performed a traditional folk dance. Visitors toured the new quarters, which were changed into a bank from a structure that once housed the Salina offices of Kansas Power & Light Co. It is located next door to the bank's former quarters.

The new lobby has an Italian marble floor covering. The travertine marble was quarried at Massa, Italy, and pieces fabricated and polished in Carthage, Mo. Mounted on the wall is a sculpture called "Independence," executed by a Salina interior director. It was fabricated of found objects, wood and metals and is dominated by two antique, handmade wood patterns used by an early Kansas foundry in casting iron wheels. Other artwork includes water colors and photos.

Also on the main floor is a directors' room with kitchen facilities. This area is available free of charge as a community room to local civic groups.

A spacious indoor courtyard, featuring a three-tiered water fountain, is on the second floor.

On December 4, the day before the two-day public celebration, Planters



Brian King, son of Richard C. King, pres., United Missouri, Kansas City, and Mrs. King, is shown in front of giant cake made for open house celebrating move of Planters Bank, Salina, Kan., to new quarters.



Visiting bankers and spouses tour second-floor "courtyard" area of new home of Planters Bank, Salina, Kan. They are admiring three-tiered water fountain.

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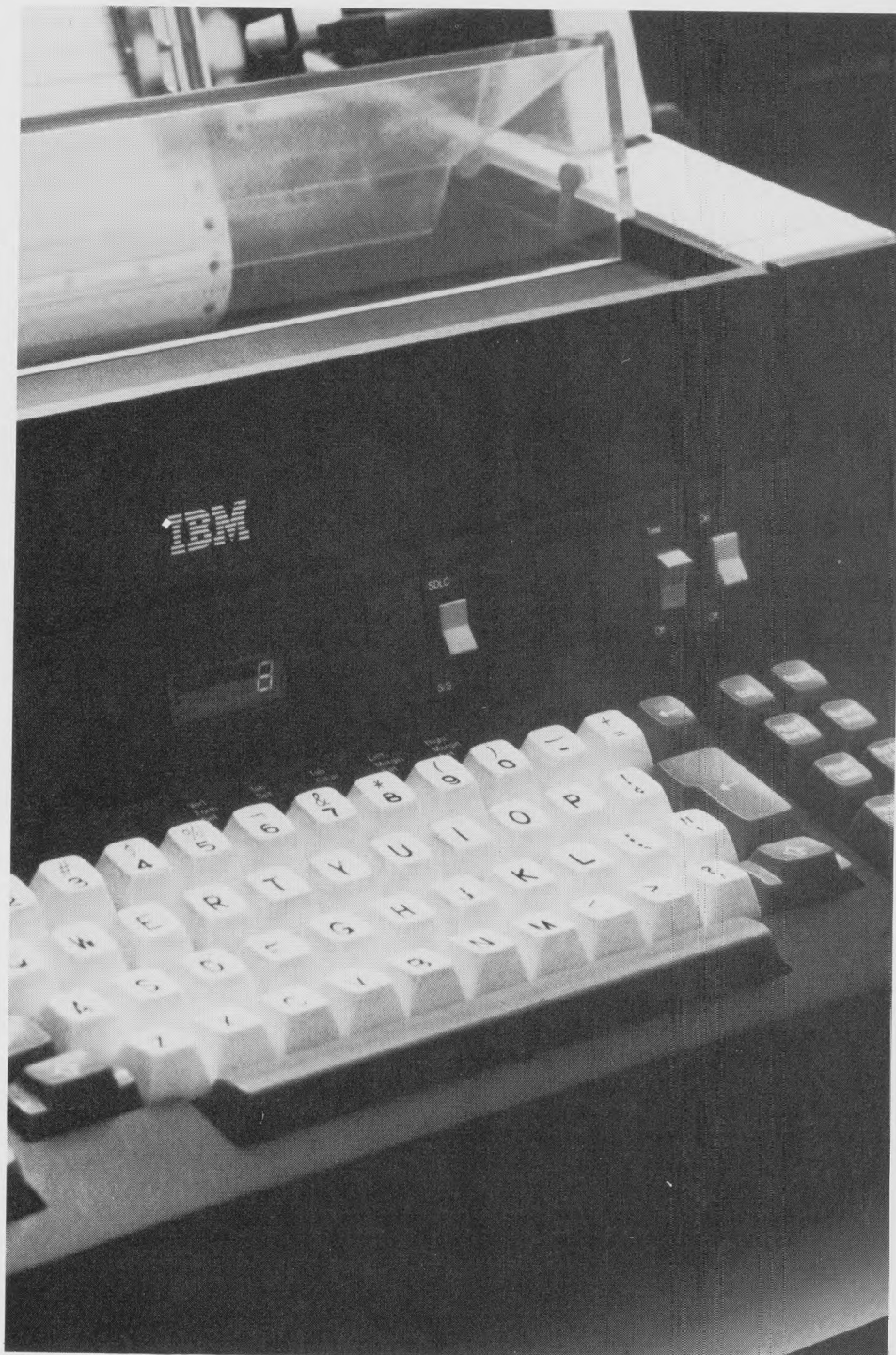
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Touring new quarters of Planters Bank, Salina, Kan., are (l. to r.): Mrs. R. Crosby Kemper, wife of ch./CEO, United Missouri, Kansas City; Richard C. King, pres., United Missouri; L. Dean Tinkler, pres., Planters Bank, and R. Crosby Kemper.

Bank entertained 250 visiting bankers and their spouses at a dinner at the Salina Country Club. Among the guests was Richard C. King, president, United Missouri Bank, Kansas

City. He is a former president of Planters Bank.

The dinner was preceded by guided tours of the remodeled building led by Planters Bank officers. ● ●

Gold Standard

(Continued from page 6)

the managed gold-bullion standard adopted by the U. S. varied somewhat from the above. The managed part was not for general circulation and there was no free market for Americans for gold bullion, per se. The bullion tended to be used for settlement purposes between the U. S. Treasury, the Fed and foreign central banks.

The gold-exchange standard has features of both the gold-coin and the gold-bullion standards, in that the money in it is declared equal to a fixed quantity of gold. A free market in gold is maintained and the public is permitted to trade therein, either directly or through brokers. There is no restriction or limitation on importation, exportation or how the gold may be held or processed. Nor are there limits on the ability to obtain gold from individuals, the mint or from mining companies.

Government credit money may be used to buy claims on gold that are convertible into gold bullion. Gold drafts are expressed in the monetary unit of the country from the gold coin or bullion standard. For this reason, a

number of nations — generally the smaller countries in the 19th and early 20th centuries — preferred the gold-exchange standard because they could use their money to purchase securities that tended to be more desirable than gold bullion or coins, which were expensive to insure and store.

Today, Americans — and foreigners in the U. S. — can buy gold. Advertisements encourage people to acquire this precious metal. Some will buy gold coins that historically have been minted in the U. S. or in other countries, but the amount they pay for these coins varies substantially above the amount embossed on them. As a matter of fact, the value of the coin fluctuates, not only from moment to moment in a market, but frequently from one market to another at the same time. Thus, the opportunity for arbitrage appears. This also means that the holder isn't sure of the exact price of his/her holdings of gold coin.

With gold coin, there is the serious problem of counterfeiting, which many do not fully recognize as a debasement of the metal. Thus, an expert will wish to assay that the gold coin — or, for that matter, the gold bullion — is as represented. Assaying takes time and money and there are costs and risks involved in the system.

To get around this problem, a number of institutions — including banks

— will issue receipts for gold of a certain standard and quality and, since the gold is kept in the banks' vaults, the cost of assaying it isn't the burden of the holder of the depository receipt.

Those who follow financial trends are quick to observe that when there is great political uncertainty or fear that war or other catastrophes may develop, the price of gold moves up dramatically.

The value of gold is influenced by a number of things. Currently one of the most important factors is the cost of carrying gold. It's true that some gold will be purchased outright — that is, by the exchange of credit money — but much gold is traded in a speculative manner in which people attempt to leverage their expectations and thus borrow, using the gold as collateral. U. S. Stock Exchange margin requirements for borrowing on securities limits the amounts one can borrow to one-half the then-market price.

However, with commodities such as gold, borrowing ratios are more liberal. The more one borrows, the more one is exposed to the possibility of what is called a margin call. That is, if the price of the metal drops, the broker may insist that the owner put up more margin or collateral or face seeing the commodity sold by the broker.

A hypothetical example: Let's consider that one is able to borrow at the current prime rate, which is in excess of 15% at this writing. Whether one has the ability to pay the entire purchase with credit money or has to borrow a substantial amount to acquire the gold bullion, the fact is there is either a real cost or an opportunity cost of carrying the gold, which in the current stage is approximately one-fifth of the value of the commodity, whether one borrows or puts up existing credit money.

From the speculator's point of view, if the gold were selling at \$500 an ounce, that speculator expects the gold will be worth \$600 a year later. Actually, if it was only \$600, the individual would be simply breaking even at one level of reasoning. Of course, if one can deduct the cost of borrowing from one's income tax, the cost of holding gold is modestly reduced by the equivalent of that interest-deducted figure.

At least one major lobbying group in Washington is spending considerable time and effort promoting the return of our currency to a type of gold standard. The group's members believe — correctly so — that this change would place a discipline on U. S. deficit

Good morning! This is Karen with your balance report.

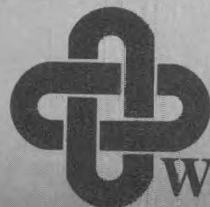
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financing, since a gold feature exercises an iron discipline in the valuation of the paper-credit money of the country. That is, should the value of paper money decrease below the conversion value into its equivalent of gold, people would convert paper money automatically into gold. From the point of view of people who wish to have their resources protected in this manner, obviously a gold clause is attractive. From the politicians' point of view, it is a nightmare, since this feature would impose a fiscal and monetary discipline

that politicians would find quite distasteful.

In a philosophical sense, the role of gold often has been equated as favoring the established wealth of a community and the use of a paper monetary standard as favoring labor. Yet two individuals prominent in the Democratic Party in the past — notably William Jennings Bryan and Bourke Cochran — held differing views on the merits of a gold standard.

My own candid opinion is that we have passed the point where we can

return to a simplistic gold standard. The yo-yoing of the price of gold in the last five or six years shows that, clearly, it's a destabilizing force. To stabilize gold would require terrific intervention into the money markets by the central bank.

Perhaps the gold standard isn't at this time the basic answer to the dilemma posed by our nation's fiscal and monetary irresponsibility.

There may be another way, and it will be discussed here next month. ●●

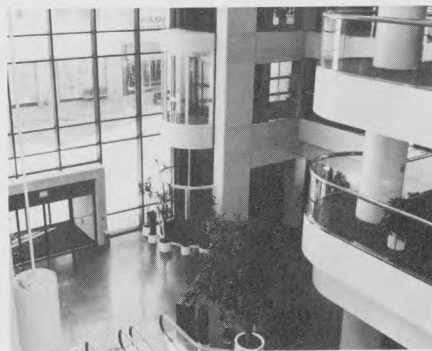
Three-Story Addition, Tower Renovation Completed at Citizens Bank, Paducah, Ky.

MORE THAN 3,000 residents of Paducah, Ky., turned out recently to tour the renovated and enlarged quarters of Citizens Bank. The bank's 10-story tower was renovated and a new three-story addition was built adjacent to the tower.

The new structure features a ground floor colonnade, a landscaped atrium, escalators and a glass elevator. The building houses the marketing, commercial banking, operations, trust and personnel departments of the bank.

Funds spent on the project were considered a private match to an urban development action-grant program that assisted the city of Paducah in qualifying for a federal grant to build a new convention center.

Grand-opening festivities included the awarding of \$3,800 in gift certificates in connection with a treasure-chest promotion. ●●



New addition at Citizens Bank, Paducah, Ky., features landscaped atrium. Glass elevator is in center of photo.



Tower building of Citizens Bank, Paducah, was refurbished to harmonize with decor of new addition.



Escalators lead to second level of new addition at Citizens Bank.

Women, Minority Officials Continue to Rise at Banks

The number of women and minorities employed by the nation's largest banks as officials and managers continues to grow, according to the latest statistics filed with the Equal Employment Opportunity Commission (EEOC).

Women bank officials and managers represented 38.1% of that job category employed by the largest 100 banks in 1981 — up from 36% in 1980 — while the proportion of minorities in the same category rose to 13.8%, up from 12.9% in the previous year.

"Growth in the numbers of female and minority bank officials has been steady in the past few years, reflecting banking's commitment to affirmative action and career advancement for all employees," asserted John R. Wells, chairman of the ABA's bank personnel division. In announcing the latest industry figures, Mr. Wells emphasized that banking's record as an equal-opportunity employer shows "dramatic gains by women and minorities over the past decade," and that "the future looks bright for continuing advancement in what is widely accepted as a growth industry in a rapidly changing financial services marketplace." Mr. Wells is senior vice president, First National, Denver.

Contrasting recent EEO statistics with those of 10 years ago, Mr. Wells pointed out, "These increases contrast sharply with 1970 data showing that women comprised only 14.9% of the officials and managers in the largest 50 banks reporting a decade ago.

"For minority officials and managers in the largest 100 banks, this year's 13.8% represents quite a leap from the 5% reported by the nation's 50 largest banks in 1970," he said.

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Sonny Johnson
Senior Vice-President



In Nashville
Member F.D.I.C.

Survey

(Continued from page 44)

a \$112-million-asset bank in a community of 23,500.

- Illinois (three banks reporting). Thirteen IRAs were opened at a \$78-million bank in a community of 6,000. Average per account is \$1,540 and response was termed "below normal."

- A \$36-million bank in a community of 1,800 reported 20 IRAs opened and \$52,000 in total funds in the IRAs. Response was termed "average."

- A slightly more than \$1,000-per-account average was posted by a \$520-million bank in a city of 92,000 for its 127 IRAs opened from January 4-12. "Above normal" was the term used to judge the response.

62 New IRAs Opened

- Indiana (one bank reporting). Sixty-two IRAs were opened by a \$144-million bank in a city of 19,000. Response was termed "average" by the bank's marketing director.

- Kansas (six banks reporting). A \$75-million institution in a community of 18,000 reported six IRAs opened during the period. Average balance: \$1,180. Response: "below normal."

- Twenty-nine IRAs were opened by a \$285-million bank in a city of 161,000 during the reporting period. A senior vice president said response was "above normal." Average total per account is \$5,175!

- An \$892-million institution in a city of 280,000 reports opening 4,500 IRAs between January 2-12. Total deposited in these accounts was \$10 million. It's no wonder the bank considers its IRA response to be "above normal"!

Average IRA Balance — \$1,100

- A "below-normal" response was posted by a \$63-million bank in a community of 37,000 that opened four IRAs with an average balance of \$1,100 from January 4-12. This bank had not yet begun soliciting employee-payroll-deduction IRAs at the time the survey was taken.

- An average of \$1,680 is in each of the eight IRAs opened by a \$33-million institution in a city of 115,000. Response: "average," according to a vice president.

- Thirty-two IRAs were opened by a \$36-million bank in a community of 8,200. Average per account: \$875. Re-

sponse: "average."

- Kentucky (three banks reporting). An "above-normal" response was reported by a \$144-million bank in a city of 40,000 that opened 116 IRAs during the reporting period. Average per account: \$490.

95 IRAs Is 'Average' Response

- A \$122-million bank in a city of 49,000 opened 95 IRAs during the period. Average balance: \$1,630 for an "average" response.

- Five IRAs were opened by a \$41-million institution in a community of 2,600. Average balance: \$1,150. Response was termed "average."

- Louisiana (two banks reporting). A \$626-million bank in a city of 75,000 opened 73 IRAs from January 11-15 (the bank didn't begin offering IRAs until January 11). Response was termed "average."

- A \$775-million bank in a city of 206,000 opened 258 IRAs during the January 4-12 period. Average per account: \$1,445. Response was termed "above normal."

- Mississippi (one bank reporting). This bank opened 49 IRAs with an average of \$765 per account. The bank has assets of \$126 million and is located in a community of 22,000.

Two Missouri Banks Report

- Missouri (two banks reporting). A \$139-million bank in a city of 39,000 opened 32 IRAs from January 4-12. Average per account: \$774. Response: "average."

- An average of \$1,200 is in each of the 12 IRAs opened by a \$38-million bank in a city of 77,000, for a "below-normal" response.

- New Mexico (one bank reporting). This \$58-million institution in a city of 18,000 opened 13 IRAs averaging \$2,000 each for an "average" response.

- Oklahoma (three banks reporting). Ninety-two IRAs were opened by a \$240-million bank in a city of 34,500. Average deposit: \$1,065. Response was termed "average" by the marketing officer.

- A \$1.9-billion institution in a city of 403,000 opened 89 IRAs with an average of \$1,800 per account. Response was termed "average" by the vice president reporting the figures.

- An average of \$1,275 is in each of the 41 IRAs opened by a \$121-million bank in a city of 26,000. Response was termed "above normal" by the marketing director.

- Tennessee (two banks reporting). A \$700-million institution in a city of 119,000 reported 175 IRAs being opened from January 4-12. Average per account: \$1,886. Response: "average."

- Six IRAs were opened by an \$83-million bank in a community of 10,600. Average per account: \$829, for a "below-normal" response.

- Texas (five banks reporting). Nineteen IRAs were opened at a \$66-million bank in a community of 8,300. Average per account: a whopping \$6,460! Response was termed "below normal."

- An average of \$1,470 is in the 50 IRAs opened at a \$120-million institution in a city of 81,500. Response: "average."

- A \$22-million bank in a community of 1,200 opened six IRAs with an average per account of slightly more than \$1,500. Response was termed "below normal."

- Ten IRAs were opened at a \$50-million bank in a community of 10,700. Average per account: \$2,000. Response: "average."

- A \$413-million bank in a city of 149,000 opened 124 IRAs from January 4-12 for an "above-normal" response. — Jim Fabian, senior editor.

Bank Helps School for Blind



In order to enable students at Leader Dogs for the Blind school to practice with their dogs in a downtown area, Detroit Bank Corp. loaned the school a floor in the Detroit Bank & Trust building to use as a downtown office. Facility enabled students, such as the two pictured, to practice using dogs in a revolving door, in an elevator and cafeteria and outside on congested sidewalks.

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PATH II Conference

(Continued from page 18)

ducted with the American Productivity Center (APC), Houston.

Mr. Norton devoted the balance of his talk to an update on the industry-measurement study, but first gave a background on this research undertaking. Early in 1981, he said, the BAI and APC agreed, in principle, to undertake a research study that would try to define and establish productivity-measurement criteria in the commercial-banking industry. A study team was formed in Houston March 15, 1981, to begin an intensive three-month research and development phase. The team was comprised of an APC associate and two bank associates "on loan" from their institutions, First City National, Houston, and Bank of America in California.

Working with various resources throughout the industry, the team completed a draft report last July 7, a report that outlines a conceptual framework for measuring and analyzing productivity on a bank-wide basis. Mr. Norton said it's important to note the significance of this draft document because the total bank-productivity measurement approach it presents looks at all components of resource utilization — labor, capital and equipment — aggregating data on a total bank basis. Management thus is provided a clear picture of productivity trends over time. Peer-group comparisons of productivity measures also are possible.

As a result of this research, he continued, the following hypotheses were formed:

1. Bank-productivity measurements should be built around product lines, not organizational units, except where the two coincide.

Productivity measures are ratios of physical output produced to physical inputs consumed in production.

Dynamics of today's bank-organization structures severely limit intra and interbank comparability of data tied to organizational units, especially where the units don't conform to aggregate product lines.

In banking, product lines do not change drastically over time, nor do they differ greatly among competitors.

2. "Outputs" of a bank are final corporate deliverables to customers. *Intermediate* activities are important to monitor in their own right, but are treated as *inputs* to production of final

corporate outputs. Final corporate products (FCPs) delivered by commercial banks can be categorized into approximately 32 product lines. Although individual banks can define more products for their own management purposes, the 32 lines identified by the study are comprehensive and can provide sufficient managerial control without excessive administrative costs for data collection, record-keeping and reporting. Additional products likely would be sub-categories of the lines identified and could be consolidated for interbank comparisons.

"We try to facilitate improvements, not by our own experiments, but by motivating people throughout the corporation to find better ways of doing things, to tap the creative resources of our managers and general staff."

3. Two broad categories of outputs can be defined as (1) transactional and (2) intermediational.

Product lines in banks tend to be either fee generating or interest generating. Intermediational products are primarily interest generating and are funds and labor intensive. Transactional products, on the other hand, generally are fee generating and tend to be labor and/or equipment intensive.

4. Funds are raw materials for intermediational products.

Funds-gathering activities, including DDA and time-deposit processing, constitute an exchange of value for use of depositors' money and, as such, are intermediate, not final corporate outputs. Depositors are vendors or suppliers of raw materials in the form of funds. Attracting and managing deposits is a means to an end, a step in delivering an intermediational product.

5. Bank-productivity measurement requires careful use of constant dollar deflation and weighing techniques.

6. Productivity trends are more reliable indicators than are productivity levels for both intra and interbank comparisons.

7. Peer groups of reasonable homogeneous banks will provide the best basis for interbank-productivity comparisons. Each bank is best qualified to identify its own peers.

8. Productivity has no maximum level. With proper attention, it can improve continually

9. Changes in inflation, technology, methodology, innovation, education, market demands and management affect an organization's production process, thereby guaranteeing that productivity will be in a constant state of flux.

10. Managing productivity requires an understanding of the potential effects of these variables on the production process and ability to adjust accordingly. Measurement, of course, provides visibility to the effects of these adjustments.

With these hypotheses in mind, said Mr. Norton, the conceptual framework for a total-factor productivity-measurement methodology was formed for commercial banks

To clarify and distill the BAI's theories, said Mr. Norton, senior managers of banks in key locales attended a series of meetings beginning last August, exposing them to the concepts, determining levels of interest and formulating the institute's response.

As a result of those feedback sessions, said the BAI chairman, it was determined that the next step was to work with a select group of banks to further explore and define the conceptual framework into a working methodology. These efforts now are being concentrated on the East Coast, where the BAI's objective is to enroll six banks as direct participants in the project. Mr. Norton pointed out that the success of this effort will allow expansion to other regions.

He said that the six banks taking part in the pilot will contribute in-bank resources for the one-year duration of the project, which is set to be launched this month.

Other PATH II features. The talks by Messrs. Prussia and Norton were only two of many features offered in PATH II. Conferees had opportunities to learn about such topics as: "Supervisory Training for Productivity," "Improving Productivity Through Gain Sharing," "Productivity Improvement for Community Banks," "In-Bank Training Programs for Improved Productivity," "Quality-Productivity Measures: 11 Steps to Success," "Peer-Group Productivity Comparisons" and "Productivity and Technology." — **Rosemary McKelvey, editor.**

National Bank of Commerce, San Antonio, has named Richard W. Calvert senior chairman, Robert H. Seal chairman/CEO and Marvin M. Stetler president. Mark M. Johnson has been elected president/chief operating officer at National Bancshares Corp. of Texas. He is a senior vice president at NBC.

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**Bank Directors' Assembly
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The program for the 50th Assembly for Bank Directors September 4-7 at the Broadmoor in Colorado Springs, Colo., will include a former ABA president, as well as other bankers and representatives of the field of education.

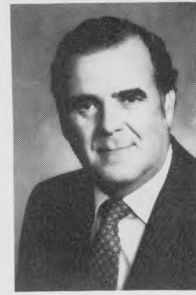
The assembly, which is being co-sponsored by the Foundation of the Southwestern Graduate School of Banking, Southern Methodist University, Dallas, and the Oklahoma and Nebraska Bankers associations, has Dr. William Baughn, dean, School of Business, University of Colorado/Boulder, and B. Finley Vinson, vice chairman, First National, Little Rock, as co-directors.

Lee E. Gunderson, immediate past ABA president and now ABA council chairman, will give an update on federal legislation. He is president, Bank of Osceola, Wis.

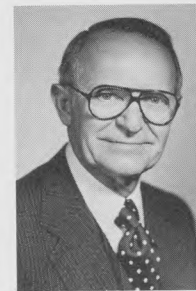
There will be two special sessions. At the first one, Glen Lemon, president, First Bank, Booker, Tex., will tell "What One Community Has Done in Community Involvement." At the Sunday devotional, by the way, the Booker Bank Notes will be featured.



WAITE



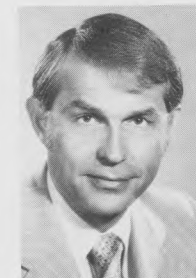
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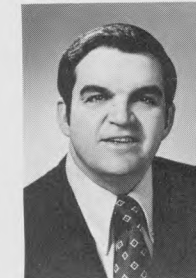
VINSON



BAUGHN



FORD




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At the second special session, Mr. Vinson and Garnier Puryear, chairman, Exchange National, Colorado Springs, will share the topic, "The Board's Responsibilities — Written Policies."

Other speakers and their topics will be: William F. Ford, president, Atlanta Fed, "Competitive Outlook for the 1980s"; Dr. William M. Wilsted, associate dean, School of Business, University of Colorado/Boulder, "Improving Bank Profits Through Effective Customer Services"; Martin J. Allen Jr., senior vice president/marketing director, Old Kent Bank, Grand Rapids, Mich., "Profitable Growth Through Marketing and Strategic Planning," and Mary George Jordan Waite, chairman/president, Farmers & Merchants Bank, Centre, Ala., "Get Infected With Banking."

The assemblies were initiated in 1968 under leadership of the late Dr. Richard B. Johnson, then Foundation president. Its current president is Dr. Alan B. Coleman.



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MID-CONTINENT BANKER for March, 1982

Computer Crime

(Continued from page 54)

In more sophisticated systems, special passwords may be required to perform any number of individual operations. Also, specific terminals may be delegated to a predetermined set of functions and are forbidden access to other programs. For instance, many banks use a "supervisor-key" system that prevents a teller from performing various types of transactions without the supervisor physically unlocking the terminal. These procedures help ensure that no individual can perform a function for which he/she is not authorized.

To maintain the effectiveness of such a preventive system, passwords should be changed periodically along with the access phone number. This helps negate any information gathered by unauthorized parties. Also, should an employee resign or be terminated, his/her access codes should be changed immediately. Any laxity in this area can cost a company thousands of dollars in only a few minutes.

Detective safeguards also may be implemented to preserve a system's integrity. For example, a computer can be programmed to flag any operation that does not conform to an established norm, such as a substantial withdrawal request on a previously dormant account.

Such preventive and detecting software is not inexpensive. It takes great knowledge and skill to write and implement customized software for banks. In the case of mini- or micro-systems, these safeguards often can cost more than the computers themselves. But they are a necessary expense if opportunities for theft and fraud are to be eliminated.

Signal Scrambling. Motorola, Inc., has received substantial coverage of late by demonstrating to bankers how data lines can be tapped with only \$1,000 worth of commercially available computer gear. The implication is that any computer system using standard phone lines for transmission is open to attack, and the firm's objective is to sell its new and highly sophisticated encryption devices.

The idea behind encryption, or signal scrambling, is nothing new. The government and military have used scramblers to ensure secure telephone and radio communications for dec-

ades. Only recently, however, has the need for encryption in the private sector become apparent and technology developed to accurately code and encode information traveling at thousands of bits every second.

A scrambler works by electronically converting a message into a coded signal that can be deciphered only by a complementary device on the other end. Anyone intercepting the transmission en route would receive only incoherent gibberish. In addition, anyone trying to violate the system with a conventional message could be detected instantly.

Electronic encryption serves two important security functions. First, it prevents outside sources from gaining access to internal files. It also protects confidential information in transmission from those engaged in corporate espionage, a concern of many larger businesses.

Role of the Auditor. In years past, it was not the responsibility of auditors to look for computer fraud. Recently, however, as business computers have proliferated and their operation has become simpler, many auditors have become not only authorities in detection of electronic abuse, but experts in its prevention as well.

An auditor will begin by studying all

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Hubert Turns 25



Hubert, a beloved representative of Chicago's Harris Bank, celebrated his 25th birthday February 9 with a birthday party for employees in the bank's cafeteria. Shown helping him cut the cake is William N. Flory, v.p./marketing services division. The cake, prepared by bank chefs, bore Hubert's image in yellow icing. Employees helped the six-foot-tall "lion" blow out the candles, and Charles M. Bliss, the bank's ch., led a chorus singing "Happy Birthday." Similar parties were held for employees at the bank's 311 West Monroe Street operations center and for those on the night shift. Hubert's character appears in an array of 25-30 premiums used as customer incentives or gifts. His 25th birthday comes in the same year Harris Bank is celebrating its centennial.

computer functions, eliminating those operations not significant to the accounting process, such as word processing, statistical analysis, graphics generation or any other program not directly involved in the dollars-and-cents aspects of doing business.

There then will be an evaluation of how well the computer actually has performed the functions to which it has been assigned. Sample financial transactions are selected by the auditor via computer-assisted procedures. These records then are checked with original source material to see, for example, that account transfers correspond to actual written requests. Likewise, the auditor will verify that deposits, withdrawals, transfers and other source material generated appropriate responses from the computer.

Financial records are always removed from the company under investigation and placed on independent computer systems for processing by the auditor. This circumvents any faulty programs or tamperings with the

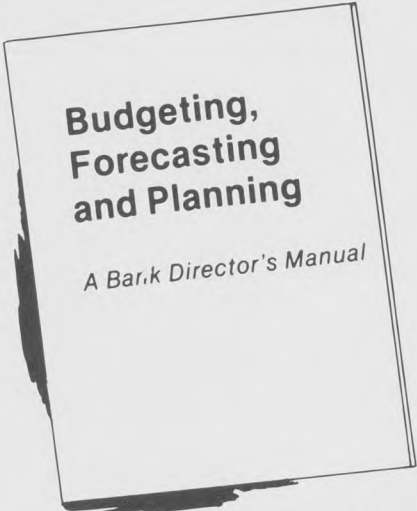
original system and helps turn up any discrepancies that may have occurred.

Just as auditors can scrutinize existing systems, so they can design or recommend safeguards for new computer operations. Even small computer systems, where software often is programmed with a total disregard for controls, should be inspected by a knowledgeable accountant before being allowed into a banking environment.

Opportunities for electronic fraud are growing more numerous every day. Colleges and universities now are graduating students with more knowl-

edge of data processing than seasoned experts had a mere 10 years ago, while, at the same time, computers themselves are becoming simple enough to be operated by a competent 10-year-old.

Unless business management assumes personal responsibility for policing internal computer operations, we likely will see a veritable explosion of electronic theft and fraud in the years to come. The victims will be none other than the managers themselves. ●●



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Innovation Needed in Consumer Credit, Bankers Told at Illinois BA Meeting

LOCATING the market the bank can serve best should be uppermost in the mind of all bank managers, said Jack Shipman, vice chairman of the ABA's installment-lending division, at the annual consumer credit conference sponsored by the Illinois Bankers Association last month in St. Louis. Mr. Shipman also is executive vice president, Liberty National, Louisville.

"Increased emphasis on marketing and sales is the only way to go," Mr. Shipman said. He cited EFT development as an example of how bankers are serving customer needs. These needs must be identified and responded to, he told the 400 bankers brave enough to attend the conference in sub-zero weather.

He said the demand for consumer credit will continue to grow in the 1980s, despite the less-than-spectacular picture at present. He called on bankers to change the ways banks extend credit. Innovation is called for in this area. Product and pricing alternatives must be and are being explored.

Variable-rate lending is the key to profitability in these days of fluctuating prime rates, he said. And second-mortgage lending can provide security for credit lines of the future.

He cited the recent move by a division of Merrill Lynch to offer home-equity credit to homeowners in southern California. Homeowners can open accounts with Merrill Lynch up to the amount of equity they have in their homes. They can access this credit with checks or charge cards and pay only the interest. Mr. Shipman said that banks in states that do not have usury ceilings could conceivably enter this market.

Expanding on this topic was William F. Schumann, president, Insured Credit Services, Chicago, who spoke at a workshop on second-mortgage lending.

Second-mortgage lending is the most important element in consumer lending, Mr. Schumann said. The trust is going from auto loans to second-mortgages, as evidenced by the fact that it's the fastest growing seg-

IBA Pres. James Fitch, pres., South Chicago Savings Bank, told bankers attending the consumer credit conference about the effort the ABA is making to make sure banks don't get the short end of the stick as efforts are made to save the thrift industry from foundering on



the shoals of high interest rates. He said the only lifeline thrifts have is to be relieved of their low-yield assets so they can compete with banks. He added that there's a general consensus that money-market funds will not be regulated. Banks will be forced to come up with a plan that will enable them to pay high rates to depositors and still have some funds left to pay dividends to shareholders. Banks that fail to come up with such a plan will be forced out, he said. Effective competition is the only answer to the problems banks are facing.



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ment of consumer lending today.

In 1976, some \$2 billion in home-equity loans were granted, mostly by consumer-finance firms. By 1981 the figure had grown to \$40 billion, with about 10% granted by banks. By 1986, the total is expected to reach \$350 billion.

The market is huge, he added. There is an estimated \$3 trillion in unused home equity.

There is a huge potential for banks dealing in second mortgages in the following three areas: (1) the prospect of a continued appreciation of real estate (the cost of the average home in the U. S. is expected to rise to \$180,000 in the not-too-distant future); (2) housing demand will be great for the next five to 10 years and home-equity borrowing will perpetuate the demand; (3) creative financing will meet this demand — seven out of every 10 new houses are sold through creative financing.

However, Mr. Schumann cautioned, banks can expect to come up against tough competitors for this market. One of their best hedges is to lock up the consumer with multiple services — services every homeowner needs.

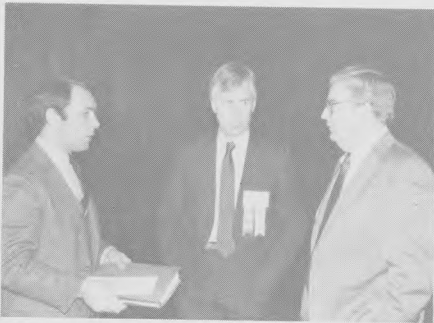
MID-CONTINENT BANKER for March, 1982

He said there are some pitfalls to this type of lending. Estimating the value of residential property to secure the loan is a tricky area, due in part to the dramatic effect creative financing has had on real estate values.

Another dangerous area is that of brokered loans, he said. Third-party developers sometimes are not the most honest people to deal with. Bankers should always know the broker so they won't get a bad deal.

Another area that bankers should check carefully involves liens. Bankers should know the terms of the first mortgage before granting a second.

Mr. Schumann said that a secondary market for home-equity loans will be developed. He sees a shift in bank consumer lending that will place banks in the position of being servicers rather than providers of funds. Home-equity loans will provide the foundation for this market.



Discussing conference program were (from l.) James W. Civik, IBA assistant sec.; Robert O. Engels, conf. ch., and v.p., First Nat'l Ottawa; and Jack Shipman, v. ch., ABA's installment lending div. and e.v.p., Liberty Nat'l, Louisville.

He sees revolving open-end credit becoming nationwide within a year, with firms other than Merrill Lynch active.

As this market develops, bankers must be careful to match assets and liabilities, due to the variable rates such credit will involve. He says the average consumer has not yet accepted variable rates.

Panelists at a workshop on collections and repossessions listed six basic steps to take before contacting delinquent borrowers:

- Check whether your own bank is at fault.
- Check previous collection efforts.
- Check the customer's payment record to see if it's the first time the customer has been delinquent.
- Find out who the correct person is to talk with about the delinquency. Don't discuss the problem with the first person to answer the phone.
- Determine your preliminary proposal and let the debtor make the first promise as to when he will mail a late payment. Don't begin by stating the debtor must have the payment in at such and such a time.

Panelists also discussed major steps in making a collection call:

- Identify yourself and the bank.
- Give the reason for the call.
- Make a strategic pause of at least six seconds before presenting your proposal.
- Overcome objections and obtain a commitment from the customer.

Bankers were urged to levy late charges on delinquent accounts.

The panelists also discussed how to go about repossessing the collateral. They recommended using the services of a bonded agent who has an insurance policy that covers the bank. Authorities should be notified when a vehicle is repossessed so it's not listed as stolen.

An inventory report on the vehicle's contents should be obtained and a report of condition of the vehicle from the reposessor also should be obtained. The vehicle should be brought to the bank or to some place under the bank's control for storage.

The debtor should be notified by regular and registered mail and he should be given 21 days to respond. If there is no response, the bank must apply to the secretary of state for title to the vehicle.

If the vehicle is sold, three bids should be obtained so there's no danger of a charge of conflict of interest. Collateral must be sold within 90 days of repossession.

Don Middleton, vice president, Community Trust, Irvington, was elected president of the IBA's consumer credit division during the conference. Robert O. Engels, vice president, First National, Ottawa, was elected first vice president, and Andrew E. Urban, vice president, Bank of Edwardsville, was elected second vice president. Kay Cavitt, vice president, Bank of Illinois, Normal, and Richard Wendt, executive vice president, State Bank, Cherry, were elected to the executive committee. — **Jim Fabian, senior editor.** ●●

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Louisiana Bankers Convention To Have Futuristic Theme

THE FUTURE of banking is the theme of this year's annual Louisiana Bankers Association convention, which will run from April 2-6 at the New Orleans Hilton Hotel.

The convention theme takes its cue from a panel discussion on the program for the first general session entitled "What Banking Will Be Like in 1987." Moderating the panel will be Mike Wallace of CBS News and an anchorman for "60 Minutes." Panel members will include Jake Garn (R., Utah), chairman, Senate Banking Committee; Dee Hock, president, Visa International; Robert McCormick Jr., president-elect, Independent Bankers Association of America; William H. Kennedy Jr., president-elect, ABA; and Elvis Mason, chairman/CEO, Interfirst Corp., Dallas. Mr. McCormick is president, Stillwater (Okla.) National, and Mr. Kennedy is chairman, National Bank of Commerce, Pine Bluff, Ark.

The second general session will feature a panel titled "The State of . . ." that will feature Senator Russell Long (D., La.); Edward Harness, chairman, Procter & Gamble Corp.; U. S. Representative Henson Moore (R., La.); and Louisiana Governor David Treen.

The annual president's luncheon will feature former President Gerald Ford.

Other program activities will include a fellowship session featuring Pat Boone, film and recording star; two "how to cope" sessions, covering the

stress of family living and family/executive security, and the usual receptions and dinner dance.

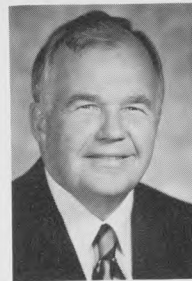
Opening day of the convention will be Friday, April 2. Grand-opening ceremonies will begin at 4:30 p.m. and the exposition/activity centers will run from 4:30 to 6:30 p.m., followed by an opening reception and speakeasy party.

Saturday's events will begin with a continental breakfast starting at 8 a.m., followed by the first general business session at 10:15. The exposition center/activity center will be open from 1 to 6 p.m. A spouse program painting party will be held from 2:30 to 5 p.m. and a dessert party in the exposition center will begin at 2 p.m.

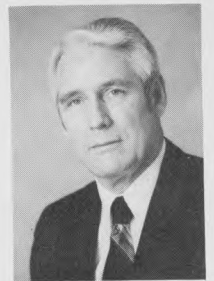
Sunday's activities will include a continental breakfast starting at 7:30 a.m.; a fellowship session from 11 a.m. to noon; a past presidents'/first-ladies' reception from 12:15 to 1:15 p.m.; the "how to cope" sessions from 1 p.m. to 3 p.m.; and a reception starting at 6 p.m.

The final day of the convention will begin with a breakfast sponsored by the School of Banking of the South from 7:30 to 9 a.m.; a women's bingo party beginning at 9 a.m.; the second general business session from 9 to 11:30 a.m.; a cocktail reception at 11:30 a.m.; the presidential luncheon at 12:30 p.m.; a cocktail reception at 6:30 p.m.; and the dinner dance at 7:30 p.m.

Leading the LBA for the past year has been Charles W. McCoy, LBA



McCOY



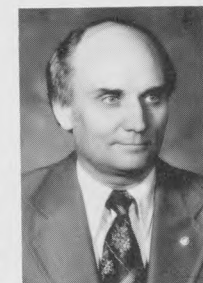
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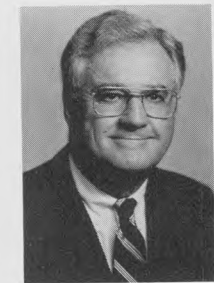
MASON



FORD



GARN



KENNEDY




LONG

president, and chairman, Louisiana National, Baton Rouge. Mr. McCoy entered banking in 1944 in Ohio and joined Louisiana National in 1959 as senior vice president. He was named chairman/CEO in 1961.

President-elect of the association is John J. Doles Jr., president, First State, Plain Dealing. He joined his bank as a director in 1954, became a vice president in 1966 and president/CEO in 1970.

LBA treasurer is James R. Foxall, president/CEO, Bank of the South, Gretna. No photo or biographical information about Mr. Foxall were available at press time. ●●



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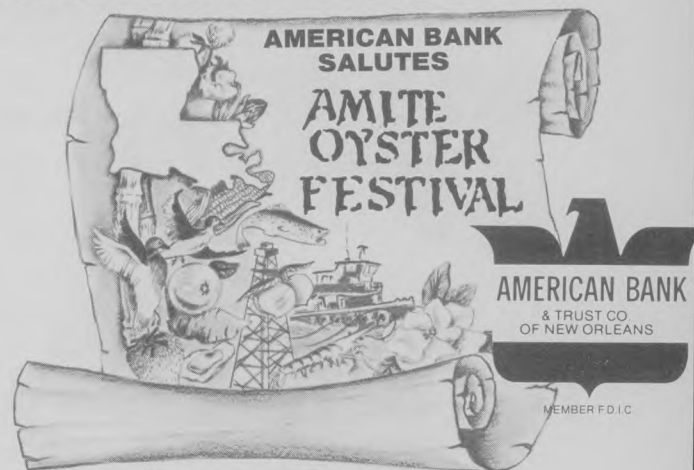
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Charley Foret and friend lending a helping hand at the Oyster Day Festival in Amite, Louisiana.

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A salute to Festivities in Louisiana
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News

About Banks and Bankers

Alabama

Nell Kilgore has been promoted to vice president at Farmers & Merchants, Centre. She joined the bank in 1957 and has been secretary to the chairman and president since then and has been assistant to the president since 1963. She also is personnel supervisor.

First Alabama Bancshares, Montgomery, has elected **Dudley E. Dawson Jr.**, **Norman Floyd McGowin Jr.** and **H. Manning McPhillips Jr.** to its board. All are directors of Merchants National, Mobile. Mr. Dawson is chairman/CEO, Southern Industries Corp., and senior vice president, Dravo Corp. Mr. McGowin is president, Rocky Creek Logging Co. Mr. McPhillips is president, McPhillips Manufacturing Co.

Arkansas

Commercial National, Little Rock, has shifted responsibility for the correspondent bank department from the corporate to the lending division, headed by **Ed Henry**, executive vice



HENRY

MASON

BARKSDALE

president. **Hubert Barksdale**, vice president/department manager, and **Martha Mason**, vice president, continue in the correspondent bank department.

First State, Conway, has named **James G. Williamson Jr.**, chairman/CEO to succeed **Thomas G. Wilson**, who has



WILSON

WILLIAMSON

been named chairman, executive committee. Mr. Williamson also serves on that committee, along with **B. J. Daugherty**, president; **Louis E. Stell**, executive vice president; and **Thomas E. Bentley Jr.**, senior vice president/cashier. **William M. Clark**, an attorney, has been elected to the board.

Farmers & Merchants, Reno, has been acquired by **Far-Mer Bankshares**, following Fed approval of the latter as a one-bank HC.

Hol-Ark, Inc., Blytheville, has become a bank HC through the acquisition of **First National**, Blytheville. The acquisition was approved by the St. Louis Fed last month.

Illinois

Jack R. Joyce has been elected president/CEO at **City National**, Rockford. **H. Hurst Gibson** has been named vice chairman. Mr. Joyce joined the bank in 1968 and Mr. Gibson has been with the bank 35 years.

Bradley M. Stevens has been named president/CEO at **Ford City Bank**, Chicago. He succeeds **John "Jack"**

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Tom Chenoweth



Tom Cannon

Salem Nat'l Opens Facility



Salem National has opened this drive-up facility at 205 West Main. The 1,680-square-foot structure has decor matching the downtown bank and includes an ATM and an overhead pipe system for six remote units. Ralph Korte, Inc., Highland, was the builder.

Wheeler, who now is chairman, State Bank, Countryside.

Robert V. Callahan has joined Harris Bank, Chicago, as a vice president in the trust department. He previously was with Manufacturers National, Detroit.



O'KEEFE



GAMAGE

Springfield Marine Bank has promoted Lee G. Gamage and Robert V. O'Keefe to executive vice presidents. Mr. Gamage is head of trust, trust investments and farm management. Mr. O'Keefe is responsible for community and administrative services, wholesale

1st of Tuscola Closed

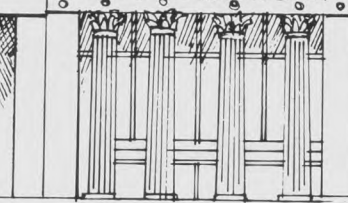
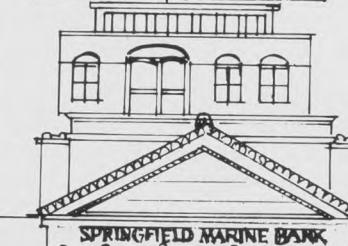
TUSCOLA — First National here was declared insolvent February 6 by the acting Comptroller of the Currency, and the FDIC was appointed receiver.

According to the Comptroller's office, over the last two years, First National experienced serious loan losses and other earnings problems. The bank was unable to remedy these problems, and its condition became progressively weaker. Losses finally exhausted the bank's capital funds, forcing insolvency.

At year-end 1981, First National, chartered in 1870, had deposits of approximately \$16 million.

The bank has reopened under new ownership as First National of Douglas County.

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Central National, Sterling, has promoted Andrew R. Cullum to executive vice president/director, James E. Dillon to senior vice president/agriculture/real estate, William R. Hoefler to vice president/controller, John R. Kuczynski to vice president/attorney, Stephen M. Bryan, Willard C. Brenner and Robert E. Baker to assistant vice presidents and Judith A. Fisher to personnel officer.

Robert A. LaFleur has joined Northern Trust, Chicago, as a vice president in the trust department. J. Timothy Ritchie was promoted to trust counsel.

Tele-Conferencing Network

SPRINGFIELD — The Association for Modern Banking in Illinois (AMBI) has announced plans for a statewide network for tele-conferencing programs to its members. The system, known as "Banknet," will connect 17 major cities where specially designed classrooms will be located to administer educational programs for AMBI members.

The cities to be connected are: Bloomington, Canton, Carbondale, Champaign, Chicago, Fairfield, Galesburg, Geneva, Mount Vernon, Paris, Peoria, Pontiac, Quincy, Rockford, Rock Island, Springfield and Sterling.

The system will be operated in conjunction with "Lawnet," a service of the Illinois Institute of Continuing Legal Education (IICLE). "Lawnet" will cooperate with "Banknet" in presenting high-quality educational programs for AMBI members throughout Illinois, says George A. M. Heroux, IICLE director.

"Our members," says AMBI President James B. Watt, "will be offered a simultaneous program with speakers located in one classroom, either in Chicago or Springfield. Participants will be able to hear the same lecture at the same time and also to interact with speakers and fellow students in small-classroom settings, without disturbing classes in other cities."

Indiana

Indiana National, Indianapolis, has promoted Robert E. Schneider to senior vice president/senior legal counsel and William R. Palmer to assistant vice president/trust officer. New officers include Mary A. Durkott, card services officer, and J. Mark Hess, investment officer.

Irwin Union, Columbus, has promoted Robin J. May to assistant vice president and Garry A. Beasley to commercial services officer.

St. Joseph Valley Bank, Elkhart, has promoted Karen S. Thomson to senior vice president and J. Michael Gaunder and Theodore M. Myers to vice presidents. G. Richard Nisbeth has been elected administrative vice president of SJV Corp., the bank's HC.

J. Thomas Servies has been elected vice president at Lafayette National. He joined the bank in 1972.

Kansas

Fourth Financial Corp., Wichita, has elected Gary L. Gamm, Donald S. Peters and Robert M. Smith Jr. vice presidents. Ronald L. Baldwin was named controller. All are officers of Fourth National, Wichita.

Planters Bank, Salina, has promoted Jack Wedge, Mark Miller, Terry Odle, Ed Pogue and Don Hamilton to senior vice presidents. Donald G. Lamb was named vice president and Joy Lamb was promoted to customer-services officer. Mr. Wedge also is cashier.

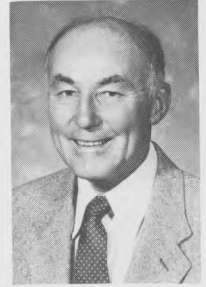
First Continental Bank, Overland Park, opened its new 15,000-square-foot facility at College and Antioch recently. A grand opening is planned for late spring.

First Bank, Salina, has elected Dan L. West, president of a men's-wear firm, to its board.

Southgate Bank, Prairie Village, has elected Leon Kimbrough assistant vice president and H. Stanley Meyer and Robert E. Adams to its board.

Bowman Rejoins Bond Firm

Carl A. Bowman, who retired as executive vice president of the Kansas Bankers Association last year, has rejoined Columbian Securities Corp., Topeka. Mr. Bowman was associated with the firm prior to joining the KBA staff in 1941.



Mr. Bowman, who is a vice president at the bond firm, is a registered representative (NASD and state) and represents the firm and its various subsidiaries as an investment adviser in municipal bonds, stocks, limited partnerships in oil and gas, real estate and mutual funds.

First National, Derby, has promoted Daniel H. Corman to senior vice president/cashier, J. Bryant Green to vice president and Robert C. Ward to consumer loan officer. The bank's first detached facility is expected to open this month. The 1,100-square-foot unit features four drive-through lanes, two walk-in windows and an ATM.

Wichita, Newton Bank HCs Make Investment Deal

Fourth Financial Corp., a Wichita bank HC, and M. L. Bancshares, Inc., Newton, have entered into an arrangement whereby the latter HC is buying Kansas State, Newton, and Fourth Financial is purchasing a 24.99% interest in M. L. Bancshares. In addition, Fourth Financial has contracted to buy the other HC's remaining shares if and when such a purchase is permitted in Kansas.

The present law there allows one-

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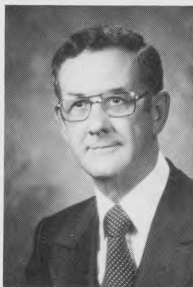
bank HCs, but an investment in a second bank cannot exceed a 25% interest. To stay within the letter of the existing Kansas law, a Fourth Financial director, in effect, is acting as an agent for the company.

As a result of these actions, Fourth Financial is placing itself in a position to convert easily to multi-bank-HC status if and when the law is changed.

Kentucky

Commissioner Named

Morris R. Smith, former president/CEO, Citizens State, Owensboro, has assumed duties as commissioner of banking and securities for the state of Kentucky.



Mr. Smith's career began in the early 1950s with Associate Loan Co., Evansville, Ind. He subsequently served with Ohio Valley Bank, Henderson, Ky., Kendallville (Ind.) Bank and Edinburg (Ind.) State. He joined Citizens State in 1965 and had been president/CEO since 1970.

First Security National, Lexington, has promoted J. D. Reeves to senior vice president/marketing and business development, Frank E. Wilford to senior vice president/trust officer and Donna S. Wooten to senior vice president/special projects. John V. Boardman Jr. has been promoted to vice president/correspondent banking.

United Kentucky, Louisville, has promoted Anthony R. Bellucci to senior vice president, corporate banking division. New assistant vice presidents include Jane L. Bateman, Albert L. Bizzell Jr., John E. Garrison, Janice C. Markham and Louise B. Stewart. Walter I. Beale, senior vice president, has been named head of the newly created internal control division.

American National, Bowling Green, has promoted Terry M. Hale and Henry H. Pepper to senior vice presidents, Jan Augusty to vice president/controller and Randell Dossey, Wanda J.

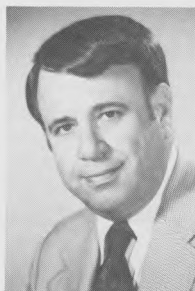
Scott and Fran Sowell to vice presidents.

Peoples Bank, Madisonville, has elected William C. Ayer chairman to succeed Charles L. Price, who retired after 20 years' service. John B. Phillips has been named president to succeed Mr. Ayer. Mr. Price will serve the bank as a financial consultant/director.

Louisiana

Bank of New Orleans has appointed V. Joseph Perez III senior executive vice president, Michael D. Charbonnet senior vice president/controller,

PEREZ



Frank J. Potetz senior vice president/trust department manager and Robert C. Anthony, Gary G. Campbell and Victor J. Miller vice presidents.

Baton Rouge Bank has broken ground for its new Shenandoah Branch. The full-service branch is scheduled to open late in June.

Mississippi

Banker Receives Award



Donald Sutter (r.), chairman, **Hancock Bank**, Gulfport, recently received laurel wreath award as an individual who has made significant contributions to the Mississippi coast community. The award was presented for the Gulfport Area Chamber of Commerce by **Rob Barber (l.)**, chairman, **Coast Federal Savings**, Gulfport.

Deposit Guaranty National, Jackson, has announced plans to merge with Attala Bank, Kosciusko. Stockholders of Attala Bank would receive about \$3.8 million in exchange for the 15,000 outstanding shares of the bank's stock.

H. P. Heidelberg III has been elevated to executive vice president at Pascagoula-Moss Point Bank. He joined the bank in 1972. Elected directors were James Estabrook Jr., John F. Grafe and William A. McLarty. Mr. McLarty is an assistant vice president at First National, Jackson, and is chairman, system-operations committee, Louisiana-Alabama-Mississippi ACH Association.

Missouri

Mercantile Trust, St. Louis, has elected three new senior vice presidents — Robert J. Carroll, Lansden McCandless and Gregory E. Poth. Mr. Carroll, a division manager, national group/corporate banking,



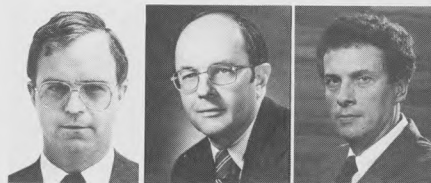
CARROLL

POTH

McCANDLESS

since 1980, now becomes head of the national group. Mr. McCandless, who had been national group head since 1980, now becomes senior marketing executive/corporate banking department. Mr. Poth has managed the credit review department the past two years and now is head of regional banking/corporate banking department.

John M. Brennan, William H. T. Bush and C. Ted McCarter have been elected directors of Boatmen's Bancshares, St. Louis. Mr. Brennan is chairman/executive committee, Boatmen's National, St. Louis, the HC's lead bank, and senior vice president of the HC. Mr. Bush is president, Boatmen's National, St. Louis, where he also serves on the board. Mr. McCarter is president, Boatmen's Bank, Kansas City.



BUSH

BRENNAN

McCARTER

Centerre Bank (formerly First National), St. Louis, has appointed four new executive vice presidents — David M. Culver, multinational group; T. Barton French, special industries group; William S. Salter, regional group, and E. Randolph Whitelaw, central group. Each is officer in charge of bank services to specifically identified commercial markets, and each formerly was a senior vice president. Mr. Culver is a former head of the regional banking division. At one time, Mr. French had responsibilities for correspondent banking, real estate, mortgage lending and special industries. Mr. Whitelaw was named head of the newly formed central group last year. Mr. Salter became head of the regional group in 1981.



FRENCH

CULVER

SALTER



GRAVEMANN

POHLMAN

WHITELAW

First National, St. Charles, has named Richard Gravemann vice president in charge of consumer loans and Alan D. Pohlman vice president in charge of commercial loans. The bank also has two new directors — Raymond Botz, a CPA and president, Botz, Goerss & Co., and L. M. Dyer, president, L. M. Dyer Realty Co., both in St. Charles. Mr. Gravemann joined the bank in 1959 and Mr. Pohlman in 1978.



MANRING

HULETT

William R. Manring has been promoted to vice president, First National, St. Joseph, where his responsibilities are in agricultural lending, correspondent banking and farm management. He also is assistant vice president, First AgCorp., Inc., an agricultural lending subsidiary of First Midwest Bancorp., First National's

MBA Treasurer Nominee

William W. Quigg, pres., Central Trust Bank, and its parent HC, Central Banccompany, both in Jefferson City, is a nominee for treas., Missouri Bankers Association, for 1982-83.

Mr. Quigg joined his bank in 1969 after having been in private law prac-



tice and serving as MBA general counsel. He was with the committee on legislative research, Missouri General Assembly, 1959-63. He holds a law degree from the University of Missouri/Columbia.

Mr. Quigg has been on the MBA's government relations and taxation committees, on the ABA's taxation committee and governing council and was ABA v.p. for Missouri in 1980.

parent HC. Mr. Manring joined the bank in 1976. In other action, Stanley Hulett, agricultural representative at First National since 1980, has been advanced to assistant vice president, as have Paul Ronald Worley, Irene Hilton and Jeanette Venable. Mr. Worley is program manager/data processing department. Mrs. Hilton has been account service officer/EDP since 1979, and Miss Venable formerly was assistant cashier.

Manufacturers Bancorp., Inc. St. Louis, and First Missouri Banks, Inc., Creve Coeur, have executed a plan and merger agreement providing for Manufacturers to acquire all of First Missouri's outstanding shares. Manufacturers owns Manufacturers Bank, St. Louis, and First National of Franklin County, Union. First Missouri controls 21 banks and facilities in St. Louis County, as well as in Franklin, Jefferson, St. Charles, Gasconade, Montgomery, St. Francois and Warren counties.

Brian D. Bailey has been elected vice president, First National, Kansas City, which he joined recently as bond manager/funds-management division. For the past 11 years, he was in the invest-

ment division, Indiana National, Indianapolis. For his last three years there, Mr. Bailey was manager/taxable securities trading and sales division. In other action, First of Kansas City promoted Dean A. Graves and Michael A. Ward to assistant vice presidents. Mr. Graves manages investment portfolios in the funds-management division. In his post of bond department sales representative, Mr. Ward provides short-term investment alternatives to corporate and correspondent customers.

Country Club Bank, Kansas City, has promoted Nina Strathmann from assistant cashier to assistant vice president and Judy Summerskill to manager/Trafficway Facility.

Clifford J. Sansoucie has moved up from executive vice president to president, CharterBank DeSoto. He succeeds George D. Turner, who retired. Mr. Sansoucie joined the bank in 1955, became executive vice president last year and has been a director since 1979. He is a former chairman, Missouri Bankers Association's young bankers committee.

Farmers Bank, Stover, has elected these new officers: Peggy Penrod, assistant cashier; John Holem, loan officer; Mark Tucker, operations officer, and Mary Cox, customer service officer.

South Side Bank, Kansas City, has new ownership and a new name, Republic Bank. Officers are: chairman, J. Nelson Happy, an attorney; president, William G. Green, a former vice president, Mercantile Bank, Kansas City; senior vice president, Dale F. Schramm, formerly vice president, Mortgage Mercantile Co., Kansas City; executive vice president, Hartley J. Einerson, who also held that post at the former South Side Bank; vice president, Charles A. Hazley, Third District city councilman since 1971, and vice president/cashier, Donna R. Wuerdeman, who has been with South Side Bank 10 years. Ray Adams, a local real estate developer, is president, Republic Bancshares of Missouri, Inc., the bank's HC.

Timothy L. Drone has been named assistant vice president/commercial banking, Boatmen's National, St. Louis. Before joining the bank, he was with a Clayton oil firm. Boatmen's has elected two new directors — George E. Kassabaum, president, Hellmuth, Obata & Kassabaum, Inc., and Fred S. Kummer, president, HBE Corp., both in St. Louis.

New Mexico

First National, Santa Fe, has elected these directors: Clemens E. Gunn, president, SunWest Properties, Inc., and Henry Pick, president, White Swan Laundry, Inc., Vista Grande Corp. and Elisia Corp., the latter two being land-holding firms.

First National, Albuquerque, has promoted Linda LeBlanc from assistant vice president to vice president/personnel manager, Dennis Garcia to assistant vice president/investment department and Carl Halberg to assistant vice president/dealer division.

James J. Wilson, who formerly was a consultant to two major Albuquerque banks, has joined First City Financial Corp. as senior vice president. First City Financial was formed last June by a group of New Mexico bankers and is headquartered in Hobbs. Mr. Wilson will maintain offices in Albuquerque, along with Kent Carruthers, the firm's vice president. They have been given charge of organization and expansion activities. Mr. Carruthers, also a former Albuquerque banker, joined First City Financial last December. Pending regulatory approval, the HC plans to expand into Roswell and Ruidoso and already has First City National, Carlsbad, as one of its initial member banks.

Banker's Donation Supports University Theater Play

Frank O. Papan, state senator and chairman, First National of Dona Ana County, Las Cruces, N. M., was one of two local businessmen who initiated a program to help underwrite the costs of theater productions at New Mexico State University, Las Cruces.

The two businessmen each contributed one-eighth of the estimated costs of one season of drama at the university. They were the first of what is hoped will be a series of contributors to the theater's production expenses.

Mr. Papan's contribution supported expenses for a production of "A Midsummer Night's Dream." Underwriters receive credit on advertising and promotion materials including placards in the lobby throughout the run of the play they support, in addition to other benefits.

Oklahoma

Fourth National, Tulsa, has named Wayne J. Kindrick vice president/commercial lending and David K. Johnson assistant cashier/lobby opera-

tions. Mr. Kindrick formerly was with Telex Corp., Tulsa. Mr. Johnson went to Fourth National from a bank in Stillwater.

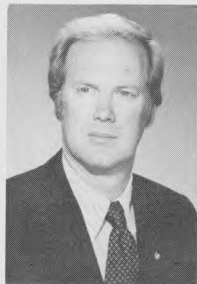
First National, Clinton, has promoted David Moore from assistant vice president to vice president. Two new staff members are Rod Bradt and Ronald D. McCathern, both assistant vice presidents. Mr. Bradt is in commercial lending and Mr. McCathern in installment lending.

Central National, Enid, has promoted F. Gordon Hubbell to senior vice president and Kayle J. Costello to marketing officer. In his new post, Mr. Hubbell assumes responsibility for the mortgage loan division. He formerly was marketing officer. Miss Costello, as head of the marketing department, coordinates all bank advertising, public relations, market research and activity. She has been in the marketing department three years.

Gerald Sober has been elected chairman, Pioneer Bank, Ponca City, succeeding Charles Cannon. Mr. Sober is with Sober Brothers Co. The bank has two new directors, Charles Casey, an attorney, and Frank Enzbrenner, who also was promoted from senior vice president to executive vice president of the bank. Others promoted were: to senior vice president from vice president/cashier, Phil Rice, and to vice president/cashier from vice president, Larry Adams.

Tennessee

William R. Dickerson, head of the employee-benefit department/trust division, Third National, Nashville, has been promoted to senior vice president/trust officer. Lawrence G. Brown



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and Jack C. Herndon were advanced to vice presidents, Jarrell E. Guthrie to vice president/trust officer and James H. Smith and Tony Ateca to assistant vice presidents.

American National, Chattanooga, has promoted W. Tris Stevens from vice president/trust officer to senior vice president/senior trust officer, W. Fred

Speakman Jr. from vice president/senior trust officer to senior vice president/senior trust officer and Andrew G. Cope from vice president/senior trust investment officer to senior vice president/senior trust investment officer.

Texas

National Bank, Odessa, has promoted James W. Williamson to assistant vice president and named Virginia Anderson, David Alvarado and Sandy McDowell assistant cashiers. Ted Stewart has been elected to the board.

Citizens National, Denison, has elected Charles (Buck) Buchanan a loan officer and William L. Dorcy a director.

Granville M. "Bill" Green, senior vice president, First City National, El Paso, has retired. He was associated with the bank and its predecessor, Southwest National, for 21 years and remains active with the bank as a consultant and board secretary.

Charles V. Rainwater has been named senior vice president at Bank of the Southwest, Houston. Named vice presidents were John R. Booth Jr., Walter E. Babcock Jr., Stephen M. Samford and Richard G. Sylvan. Paul E. Born, Jennifer L. DiBona, Janis S. Schumann and Charles V. Smith were named assistant vice presidents. John R. Vaughn and Sam B. Pyland were named auditor and cashier, respectively. Both also are vice presidents — Mr. Vaughn of Southwest Bancshares, Mr. Pyland of Bank of the Southwest.

First City National, Houston, has elected the following as vice presidents: Michael T. Doherty, John M. James, M. Kay Howard, Jonathon D. Levy, William R. McKown III, Janet B. Myers and Gail C. Rasmussen. New assistant vice presidents include Charles R. Butler Jr., Yvonne A. Carter, Mary E. Ducey, Edward J. Fitzgerald, Madeleine Gallimore, Donald W. Guice, Gail A. Gordon, Keith J. Knapp, Steven C. Palmer, Rebecca S. Pulliam, Ronald M. Sauter, Ann K. Somers, Jan Valfre and W. John Webster.

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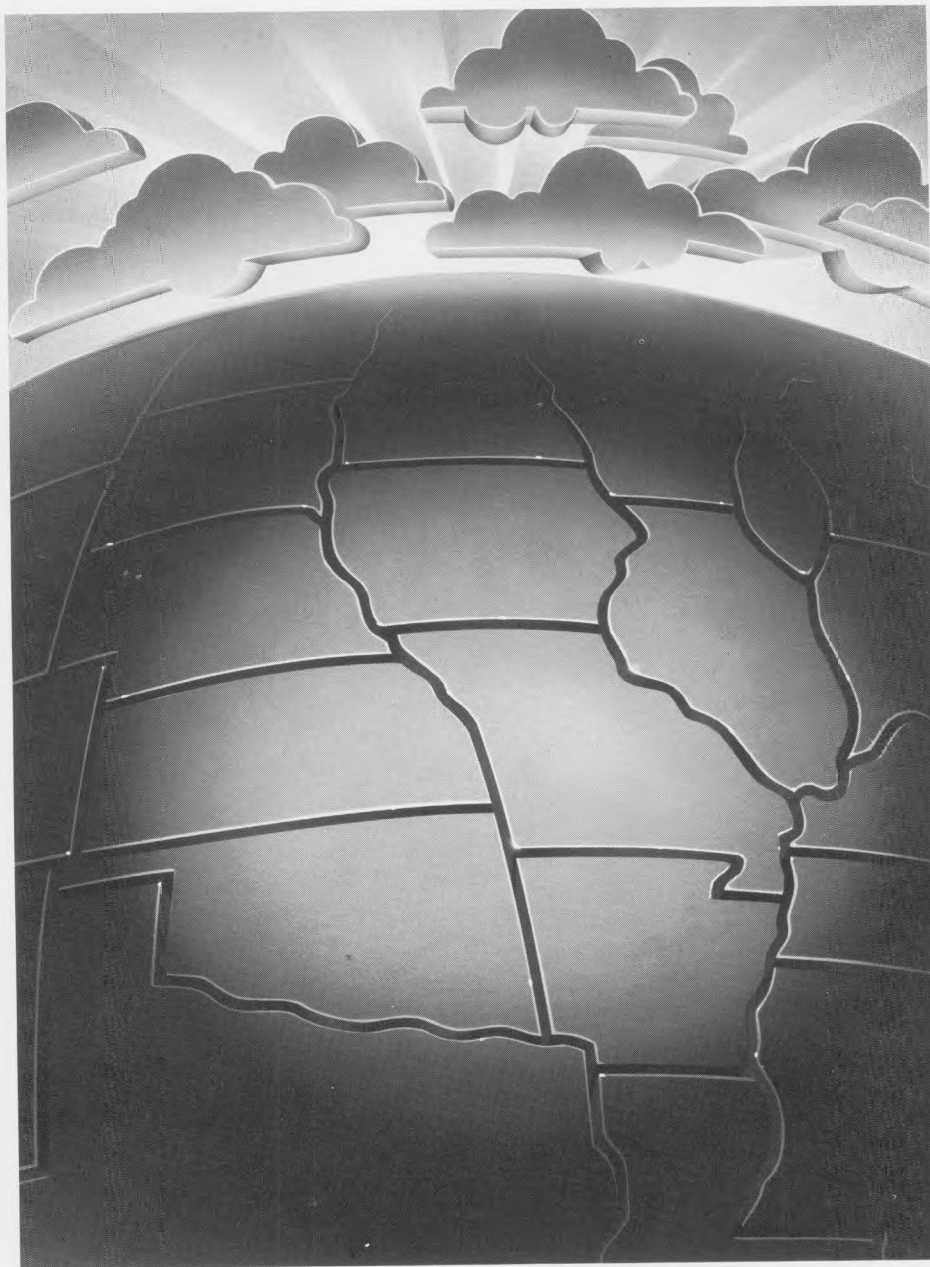
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