MID-CONTINENT BANKER

(ISSN 0026-296X)

INCORPORATING MID-WESTERN BANKER

MARCH, 1983

NORTHERN EDITION

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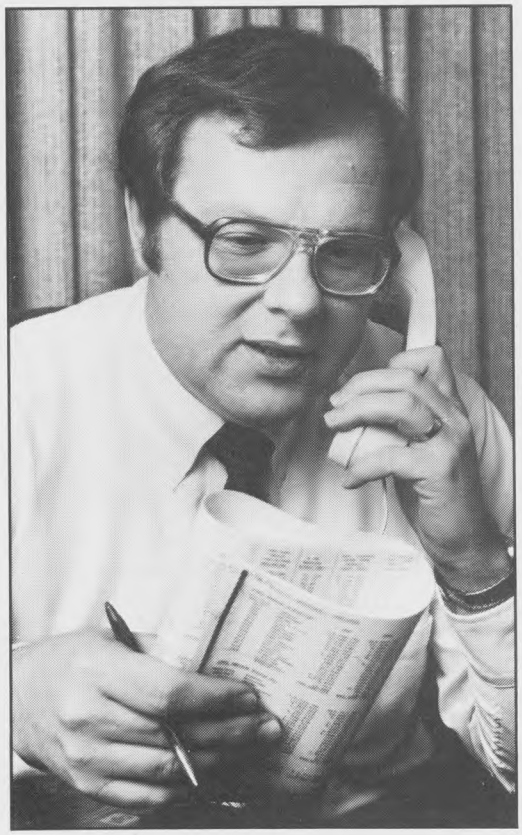

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(Incorporating MID-WESTERN BANKER)

Volume 79, No. 3 *March, 1983*

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MID-CONTINENT BANKER is published monthly by Commerce Publishing Co., 408 Olive St., St. Louis, Mo. 63102.

Printed by The Ovid Bell Press, Inc., Fulton, Mo. Controlled circulation postage paid at St. Louis, Mo., and at additional mailing offices.

Subscription rates: Three years $27; two years $20; one year $12. Single copies, $2.50 each. Foreign subscriptions, 50% additional.

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

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March 13-15: ABA National Credit/Correspondent Banking Conference, New Orleans, Fairmont Hotel.
March 13-16: ABA Trust Operations/Automation Workshop, New York City, New York Hilton.
March 13-16: Bank Marketing Association Consumer Business-Development Training Workshop, Nashville, Radisson Hotel.
March 14-16: Robert Morris Associates Asset-Based Lending Workshop, Atlanta, Atlanta Hilton/Tower.
March 17-20: AIB Leaders Workshop, Little Rock, Excelsior.
March 20-23: ABA Western Regional Bank Card Conference, Dallas, Fairmont Hotel.
March 23-25: Dealer Bank Association Annual Meeting, San Francisco, Fairmont Hotel.
March 23-27: Independent Bankers Association of America Annual Convention, San Diego, Town & Country Hotel.
March 27-30: Bank Marketing Association Advertising Conference, Chicago, Hyatt Regency Chicago.
April 5-7: ABA International Banking Symposium, Chicago, Hyatt Regency Chicago.
April 5-8: Bank Administration Institute Check-Processing Conference, Chicago, Marriott Hotel.
April 7-10: AIB Leaders Workshop, Nashville, Hyatt Regency Nashville.
April 10-13: ABA National Installment Credit Conference, Atlanta, Hyatt Regency Atlanta.
April 14-17: Louisiana Bankers Association Annual Convention, New Orleans, New Orleans Hilton.
April 17-20: Robert Morris Associates Credit Department Management Workshop, Kansas City, Hyatt Regency Hotel.
April 17-22: Bank Marketing Association Management School of Bank Marketing, Athens, Ga., University of Georgia.
April 17-22: Robert Morris Associates Loan Management Seminar, Columbus, O., Ohio State University.
April 17-27: ABA National Commercial Lending School, Norman Okla., University of Oklahoma.
April 24-27: Bank Marketing Association Research/Planning Conference, Arlington, Va., Hyatt Regency Crystal City.
April 24-27: Independent Bankers Association of America Seminar/Workshop on One-Bank Holding Company, Phoenix, Camelback Inn.
April 24-30: ABA National School of Bank Card Management, Pomona, Calif., Kellogg West California State Poly University.
April 27-29: Dealer Bank Association Compliance Seminar, St. Louis, Marriott's Pavilion Hotel.
May 1-4: ABA National Conference on Real Estate Finance, San Francisco, Hyatt Regency.
May 1-4: Bank Marketing Association Public Relations Conference, Boston, Copley Plaza.
May 2-3: Consumer Bankers Association Annual Leasing Conference, Dallas, Lincoln Hotel.
May 2-5: Premium Incentive Show, New York City, Coliseum.
May 3-6: Bank Administration Institute Accounting/Finance Conference, Dallas, Amfac Hotel.
May 4-7: Alabama Bankers Association Annual Convention, Huntsville.
May 8-10: Oklahoma Bankers Association Annual Convention, Tulsa, Tulsa Excelsior.
May 8-10: Conference of State Bank Supervisors Annual Convention, Colorado Springs, Colo., the Broadmoor.
May 8-11: ABA Eastern Regional Bank Card Conference, Lexington, Ky., Hyatt Regency Lexington.
May 8-11: Association of Reserve City Bankers Annual Meeting, Boca Raton, Fla., Boca Raton Hotel.
May 8-13: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
May 10-12: Ohio Bankers Association Annual Convention, Cleveland, Bond Court Hotel.
May 12-14: Texas Bankers Association Annual Convention, San Antonio, Convention Center.
May 12-15: Mississippi Bankers Association Annual Convention, Biloxi, Broadwater Beach/Biloxi Hilton Hotels.
May 13-19: Bankers Association for Foreign Trade Annual Meeting, Dorado, P. R., Cerromar Beach Hotel.
May 14-18: Arkansas Bankers Association Annual Convention, Little Rock, Excelsior Hotel.
May 15-18: ABA National Conference on Marketing Compliance/Planning, Dallas, Hyatt Regency Hotel.

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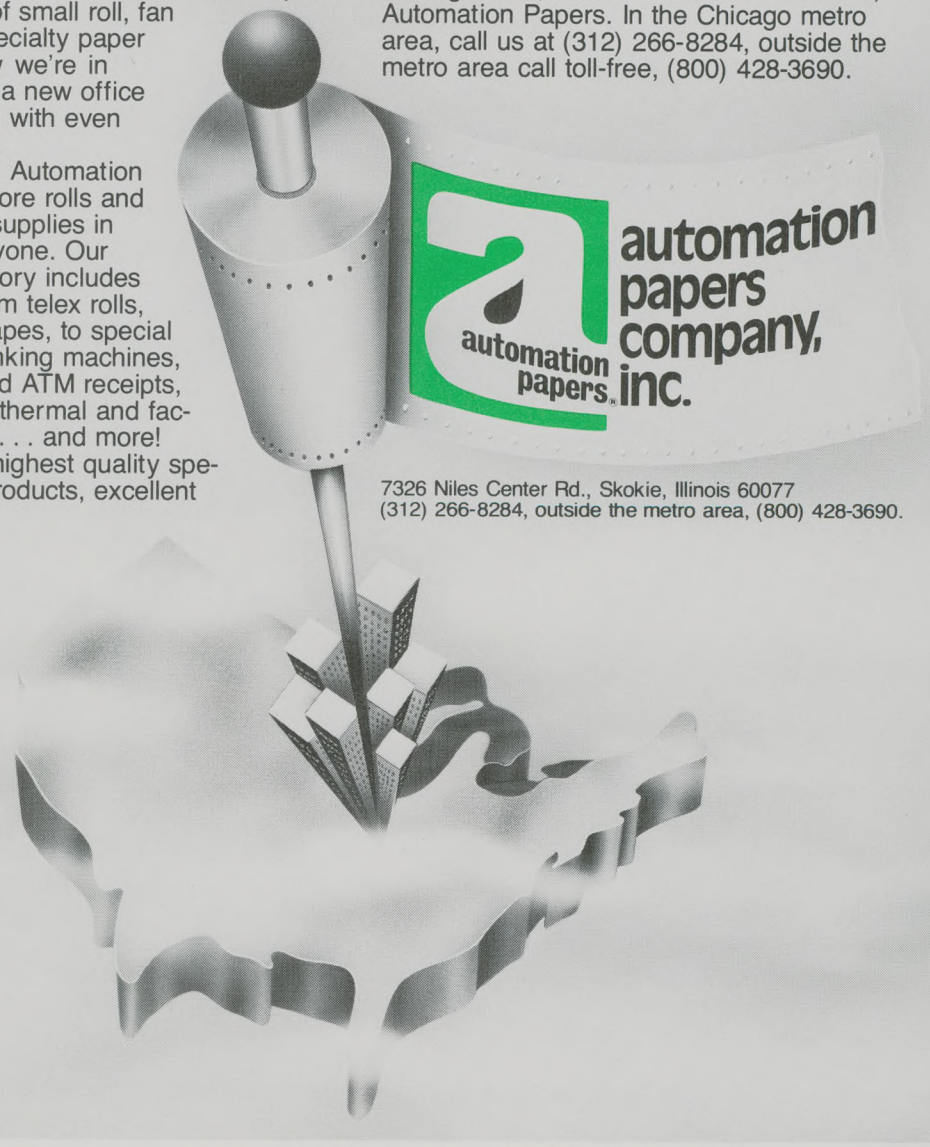

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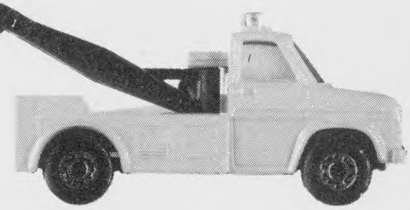

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By Dr. LEWIS E. DAVIDS
Illinois Bankers Professor of Bank Management
Southern Illinois University, Carbondale

What Do Your Employees Think of Your Bank?

FEW BANKS are dissension-free. Yet often — especially in community banks — top management may be the last to know when dissension has become a problem.

No one wants to be the one to tell the CEO that there is dissatisfaction in significant areas of the bank. For this reason, a survey of employees can be a valuable management tool.

A number of banks use what is called a "termination interview," which is an attempt to determine why an employee has resigned. In a sense, this is akin to locking the barn door after the horse has been stolen, although the intelligence gained may be used to make changes to prevent other good employees from taking similar steps.

A better way of approaching the problem is to conduct an attitude survey of employees, perhaps at one- or two-year intervals.

A number of personnel organizations design and conduct such surveys. They also interpret responses and make recommendations to top management based on the responses. A professional survey for a bank with about 50 employees could cost about $3,000. Sometimes institutions ask local colleges or universities to review objectives and develop surveys.

However, many bankers prefer to design their own surveys, tailoring them to their institutions' particular circumstances.

Some surveys take the form of on-site interviews. Others are printed questionnaires distributed by personnel departments. Such questionnaires are to be completed anonymously at employees' convenience and returned by mail or dropped into recepticles.

Although the rate of return for questionnaires completed at home usually is less than 100%, replies are more likely to reflect genuine concerns of respondents than are responses obtained by personal interviews in which employees may skew or slant their answers.

Most surveys are too long. It's important to keep in mind the primary objective: What does bank management need to know about the attitudes of employees? A series of statements works best. Employees are asked to indicate whether each statement does or doesn't apply to their situation.

One survey form I particularly like consists of a single page. Participants are asked to check words that apply to their situation under the categories "my work," "my supervisor," "my fellow workers," "my pay" and "my promotions."

If an item applies, they place a "Y" next to the word. If it doesn't, they place an "N" beside the word. If they can't decide if the word applies or doesn't apply, they place a "?" beside the word or phrase.

Words appearing in the "my work" category include: fascinating, routine, satisfying, boring, good, creative, respected, hot, pleasant, useful, tiresome, healthful, challenging, on your feet, frustrating, simple, endless and gives sense of accomplishment.

In the "my supervisor" column appear these words: asks my advice, hard to please, impolite, praises good work, tactful, influential, up-to-date, doesn't supervise enough, quick-tempered, tells me where I stand, annoying, stubborn, knows job well, bad, intelligent, leaves me on my own, around when needed and lazy.

In the "my fellow workers" catergory appear the following words and phrases: stimulating, boring, slow, ambitious, stupid, responsible, fast, intelligent, easy to make enemies, talks too much, smart, lazy, unpleasant, no privacy, active, narrow interests, loyal and hard to meet.

Words/phrases appearing under "my pay": income adequate for normal expenses, satisfactory profit sharing, barely live on income, bad, income provides luxuries, insecure, less than I deserve, highly paid, underpaid.

The following phrases appear in the final category, "my promotions": good opportunity for advancement, opportunity somewhat limited, promotion on ability, dead-end job, good chance for promotion, unfair promotion policy, infrequent promotions, regular promotions and fairly good chance for promotion.

Forms should have additional lines for comments of participants, but they should be told they need not sign the form. A return deadline should be included.

It should be relatively simple for larger banks to have forms tabulated for each major department. Departments showing considerable dissatisfaction are obvious candidates for higher labor turnover and probably for management shake-ups.

Feedback to employees is important. A letter from the CEO or a high ranking personnel executive is appropriate. The letter should explain that management is concerned about employees' problems and would like to be able to react to them before they come to a head. The letter should assure employees that their opinions are valuable and that their responses will be kept confidential. At times — especially with respect to pay — the reply from management should be reinforced by factual data.

It's to be hoped that survey results will show management that employees have many positive feelings about their work, their supervisors, their fellow employees, pay and promotions. By finding those areas — preferably few — where there is dissatisfaction, management can zero in on problems and take corrective steps.

A survey of this type gives a clear message to employees that top management is concerned about them and their working environment, and it gives management an overall perception of staff attitudes. ● ●

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CORPORATE NEWS

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• **Jacqueline P. Taylor** has been named corporate counsel, Travelers Express Co., Minneapolis. Ms. Taylor, with the Minnesota attorney general's office since 1978, was the state's special assistant attorney general.

• **Charles E. Geiwitz** has joined Salem China Co., Salem, O., as national sales manager/premium division. Until recently, he was vice president/general manager-incentive division, W. Bell & Co., Rockville, Md.

• **Douglas C. Rattray** has joined Brandt, Inc., Watertown, Wis., as general manager/coin products division. He succeeds William F. Kraemer, vice president, who has retired after 27 years with Brandt. Mr. Rattray was with Illinois Tool Works, Inc., Chicago, where he was special projects manager/ITW Switches Division.

• **Frank J. Partel Jr.** has joined American Express Co.'s consumer financial services group/U. S. A. division, as senior vice president/financial services institution marketing and sales. Most recently, Mr. Partel was vice president/general manager, business development, of Citicorp of New York City's consumer banking, travel and entertainment group.

• **Robert Vermillion** has been appointed loan development officer/business loans division, Associates Commercial Corp., commercial-finance subsidiary of Associates Corp. of North America (the Associates). The latter's principal offices are in New York City and administrative offices in Dallas. Mr. Vermillion is responsible for managing the Associates' newly established Kansas City sales office and for handling all business-loan-development activities in eastern Kansas, western Missouri, western Iowa and Nebraska. His office is located in Overland Park, Kan. Mr. Vermillion has five years' commercial-finance experience.

• **Automation Papers Co., Inc.,** Fairfield, N. J., has opened a new sales office to serve the greater Chicago area. It's located in Skokie, Ill. The firm also has a nationwide network of sales offices and warehouses in Boston, New York City, Philadelphia, Baltimore, Washington, D. C., Tampa, Fla., Atlanta, Indianapolis, Los Angeles, San Francisco and Orange County, Calif. Automation Papers provides a full line of small-roll, fan-folded and specialty-paper supplies to businesses. It offers paper supplies for teleprinters, calculators, copiers, proof machines, etc. Also available is a full line of paper rolls for automatic teller machines, and the rolls can be custom printed for additional impact.

• **William J. Duma** has been appointed business-development officer/Minneapolis region office, BarclaysAmerican/Business Credit, Inc., East Hartford, Conn. He is responsible for Minnesota, Iowa and the Dakotas. He has been with First National, Minneapolis, and First Bank, St. Paul.

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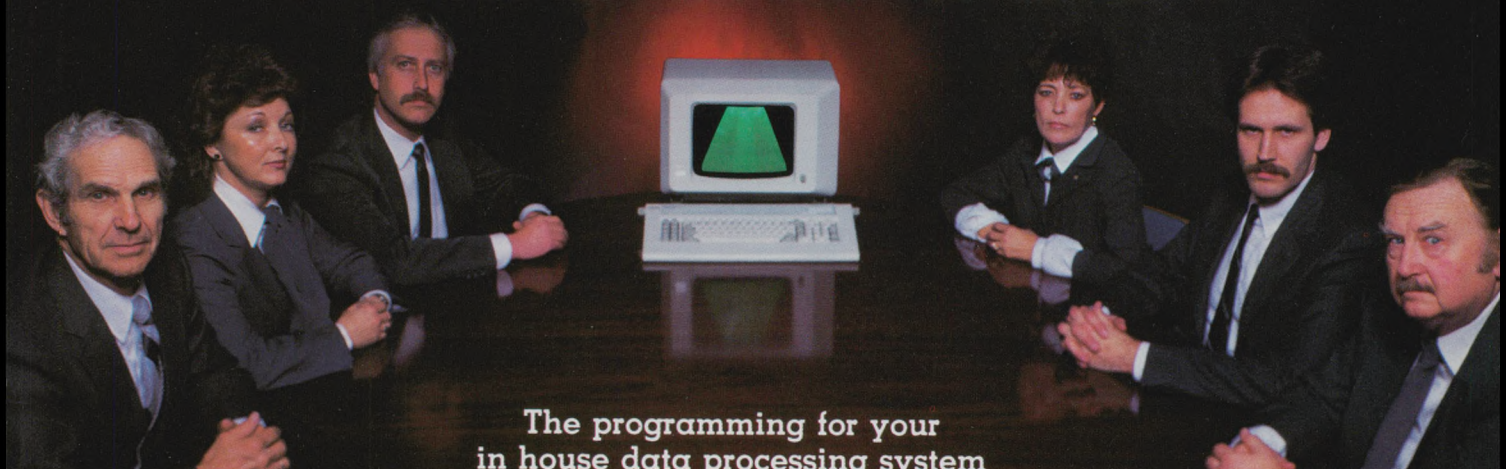

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ATM Networking: How to Evaluate It

By Nancy L. Dokter
Director
Corporate Communication
Network Management Corp.
Downers Grove, Ill.

FOR MANY observers of the race toward national networking, the whole thing seems to lack a great deal of perspective. Many are sitting back and asking for answers to these basic questions:

How does a network fit together in the first place?

Where does broad-scale sharing come into play? Is the entire concept designed simply to generate publicity for the large, politically motivated network operators?

Where does electronic-funds-transfer networking fit into plans of my institution?

I believe these are important questions, deserving honest and straightforward answers.

First of all, how does a network fit together?

Let's begin with a basic diagram (see diagram No. 1) and expand from there.

By following that diagram, we see that a network's basic components are: 1. A group of card-activated electronic devices. 2. A switching facility. 3. One or more data centers. 4. One or more financial institutions. We can best deal with these one at a time.

1. The Electronic-Access Device

Quite simply, the electronic device is the consumer's point of access to the system. It can be an ATM, a point-of-sale (POS) terminal, an electronic cash register, a telephone or even a gas-pump terminal.

2. The Switch

The switch is the computer facility that actually provides you with the key operational, marketing and financial elements to make your program a success. Operationally, the switch performs all the functions needed to operate the ATM or other device, transfer transactions and provide settlement for all participants. Most importantly, the switch should provide flexibility in your marketing plans. The switch must be able to handle proprietary programs *and* sharing programs, to the extent of facilitating sharing on a *local, regional or* even *national* basis — without software renovation or monumental timing delays. On a financial note, you should expect your program's cost-efficiency to increase as your program grows. In other words, your switch's pricing schedule should ensure that your unit-transaction costs will decrease as your transaction volume increases.

Specific functions of the switch are to:

1. Provide for operation of the ATM or other device. During initial start-up of your program, your switch also should provide testing of ATM hardware, as well as training for your operations staff.

2. Receive the message being transmitted from the terminal, and provide storage for it in computer files.

3. Verify the PIN, or personal identification number, being used. This number always should be encrypted, or in other words, put into another sequence of nonreversible numbers to protect it while it is being transmitted.

4. Send the transaction request to your data processing center, when

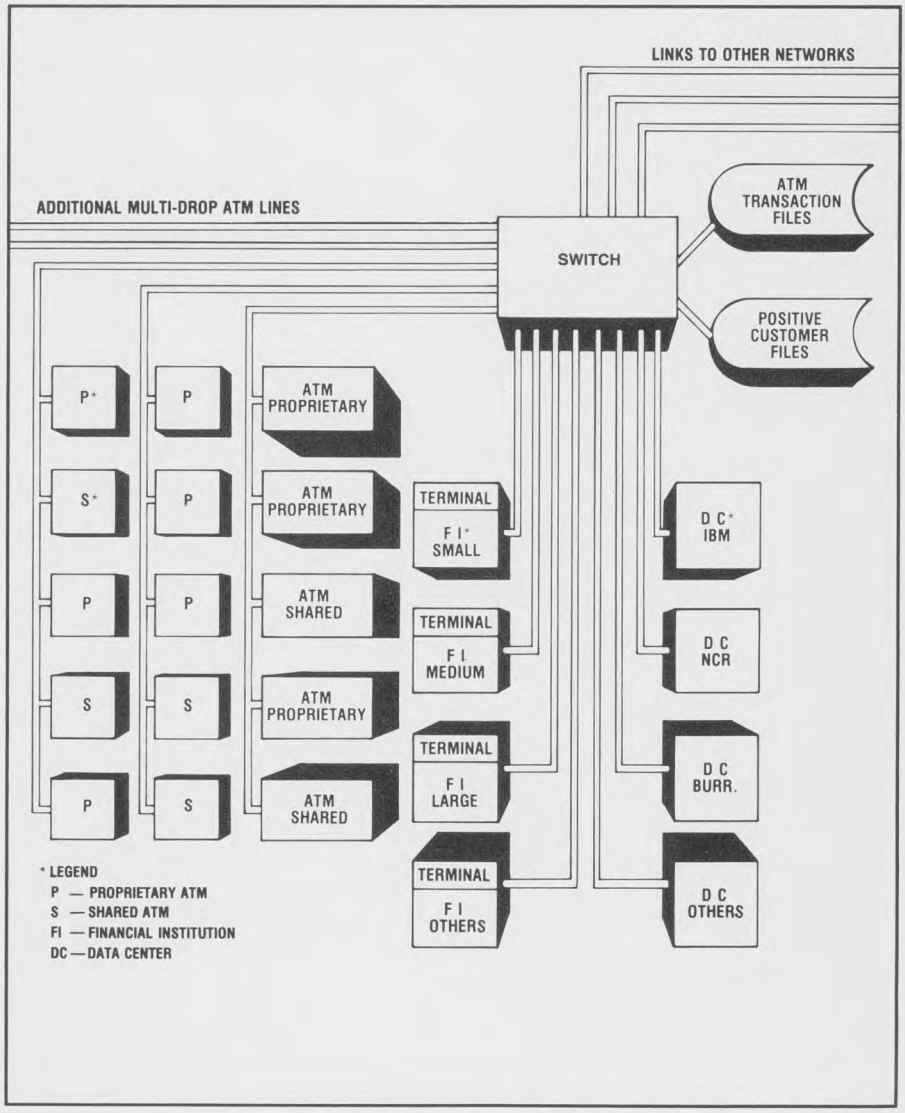

Diagram No. 1

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such is available — to authorize or deny it against live customer balances. When the processing center is not available, it is the function of the switch to utilize off-line limits to authorize or deny the transaction. Again, each step of the process is recorded electronically.

5. In a sharing environment, the switch routes each local transaction to the appropriate data processor for handling and each "foreign" transaction (card-holder not serviced by the switch) to the appropriate switch.

6. Perform a network reconciliation and settlement function each day of the week at a set time. This settlement might come to the financial institution or data center in the form of an ACH compatible file and a set of printed reports showing all transactions and transfers of funds that have taken place during the last 24 hours.

7. Monitor at all times and provide diagnostic analyses for the terminals it supports. This means that when an ATM is out of cash or has a mechanical problem, the switch's operations personnel will notify the correct party for maintenance.

8. Provide immediate card-setup ability and allow you to issue cards to every customer. Due to high costs of most computer interconnections, the latter can be cost-effective only if the switch can relate to your data processor in the processor's own "language."

9. Produce market-support information. For example, you should be able to obtain lists of customers who have never used your ATMs or who have tried to use them unsuccessfully.

3. The Data Center

The next element of a network configuration is the data center. A link between the switch and data processing center (whether part of your financial institution or separate) facilitates the passing of information between the two computer systems. The data center should not need to revise its application software or hardware to link with the switch. Rather, the switch will accommodate or "emulate" the data center's communication protocol and message format. In regard to networking, the main function of the data center is to approve and deny transactions and post them for the financial institution. Thus, in the case of an approved cash withdrawal requested at an ATM, the data center would reduce the customer's "available cash balance" immediately. This allows your customer the best possible access to his accounts.

Also, the data center often will perform certain functions in support of settlement reporting. For example, the data center might accept reports, via a magnetic tape or communication-line transmission, and print them for the financial institution.

4. Financial Institution

The fourth component in a total network schematic is the financial institution. The financial institution's staff is responsible for setting the program's goals and choosing equipment and servicers needed, carrying out certain ongoing administrative functions and providing the marketing plan for the program.

If you now are planning an EFT program and choosing servicers, make certain that you will receive complete satisfaction from these service providers, and question your prospective switch operator as to its capability to provide *all* the services listed earlier in this article. Also, rely strongly on the reputation of the servicers in the marketplace. Your switch, for example, should be able to accommodate your business now *and* assist you in expanding your program in the future: by adding new vendor brands, using new types of EFT devices or branching into larger or new market areas. This may not seem terribly important if you are just deploying a few ATMs today, but remember to consider where you want to be in five years; changing switches can be expensive, not only in dollars, but also in lost opportunities!!

Another important responsibility of a financial institution is to establish and update customer-card-usage files through use of an administrative terminal. In this way, the financial institution maintains complete control of who is given an ATM card, what his transaction and dollar amount limitations are and any changes in these limitations.

Marketing an EFT program certainly is another major aspect of establishing such a program. However, this topic deserves special attention that would take us beyond the scope of this article.

All these components — the card-activated device, the switch, the data processor and the financial institution, are part of the total EFT network. With the proper organizations assisting in these capacities, you will have a flexible and secure core for any kind of EFT activity you wish to participate in.

Now for the second question:

(Continued on page 22)

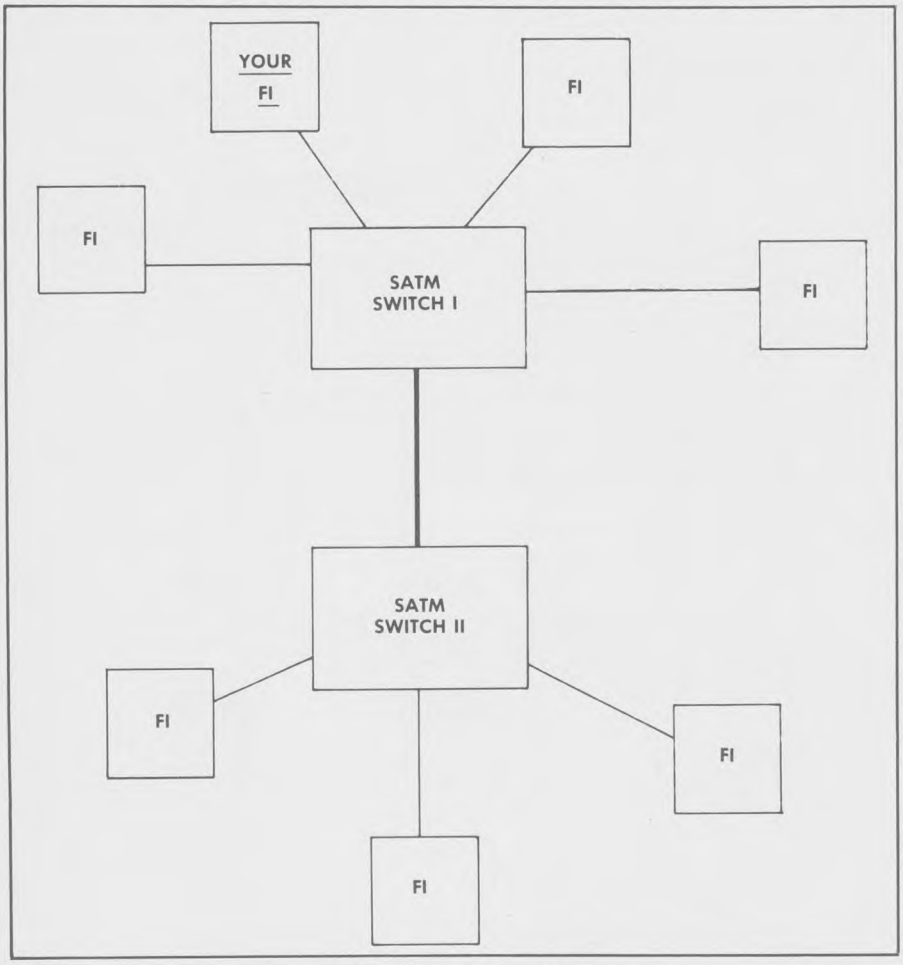

Diagram No. 2

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Joining Shared-ATM Network: Choose Partner Carefully

By Shelton Reichart
Network Services Marketing
Decimus Corp.
Walnut Creek, Calif.

YOUR financial institution's future will depend not only on responding successfully to today's contingencies, but also on maintaining operational flexibility for the future. Unprecedented challenges to the financial-services industry are resulting in unprecedented managerial and technological responses. Can you be sure your actions today will not limit your ability to respond successfully tomorrow? One way — the topic of this article — is to develop an EFT strategy and infrastructure that not only meet current marketplace demands, but also have built-in flexibility for the future.

Avoid shotgun marriage. Increasingly, today's citizens are adapting their lifestyles to high-cost housing by sharing living space. This manifestation of the "We" decade is paralleled in the financial-services industry by development of shared-ATM networks. No longer is the question, "Why share?" Now, "With whom to share?" is the key.

As EFT commentator Paul Nadler points out, "The choice of an ATM partner may . . . be made in haste, in order to meet the competition. But in many ways, it is like a marriage that forces the joining banks to go down the road with the other banks in far more ways than just choice of ATM equipment and locations. (The networking) decision may well be the most important decision that today's CEOs make. . . ."

Thus, your decisions might result in either assuring your financial institution's independence and operational flexibility, or locking your institution into an arrangement that serves the strategy or "charter" members of the network to the disadvantage of "junior" members.

John Fisher, senior vice president, Bank One, Columbus, O., underscores this point by saying, "Exclusive systems are not likely to be viable. They're just little games that little bankers play, and they're driven by emotion — based on the fear of being left out of something (they don't understand what)."

As an impartial third-party provider of ATM-transaction-switching services, we don't impose restrictions typical of the two large national networks that have received extensive publicity. These networks are based on a "strategic-positioning" concept to lock up markets through restrictive agreements, which may dictate:

1. With whom you may share.
2. Under what conditions you may share (reciprocity).
3. Which machines you make available.

> "What . . . is the 'ideal' network? We at Decimus Corp. . . . advocate nonrestrictive sharing, whereby network members work with us to develop the network and use its identity to serve their specific needs."

4. Which cards you make available.
5. Network identity and its use.
6. Interface requirements.
7. Interaction or prohibition of interaction with other financial institutions, nonfinancial businesses and other EFT systems such as VISA, MasterCard and AMEX.

Exclusivity. Such restrictions run counter to the underlying currents in the financial-services marketplace. Instead of fostering increased interaction and sharing of EFT resources among a group of financial institutions and other businesses, exclusivity might result in creation of other exclusive networks. Moreover, excluding nonfinancials such as Sears might result in exactly the opposite of the hoped-for effect of retarding their development of EFT capability. With their broad-based card and location systems and tremendous financial resources, many nonfinancials are poised to end-run the financial-services industry if necessary.

Nonexclusive sharing. What, then, is the "ideal" network? We at Decimus Corp., a data processing subsidiary of BankAmerica Corp., advocate nonrestrictive sharing, whereby network members work with us to develop the network and use its identity to serve their specific needs. Ours is a "custom-(er)-built" network; i.e., one built by financial institutions and us to achieve financial institutions' strategies and objectives. You retain control of critical elements such as your sharing partners, reciprocity, network identity and its use, etc.

Decimus is rapidly expanding its presence. With 14 years of financial-industry data-processing experience, resources of BankAmerica Corp. and a core of dedicated professionals, Decimus is in the vanguard of the financial-services revolution. State-of-the-art networking capability is provided by our switches in New Jersey and San Francisco, coupled with data-processing hubs in Chicago, Pittsburgh, Nashville, Knoxville, South Carolina, Boston and Los Angeles. Our western network, which includes FASTRAC™ sharing members and several proprietary members, serves more than three times as many ATMs as it did a year ago.

Technical features of our system assure the most dependable, versatile and secure ATM system available, provide interface capability with other financial institutions, networks and businesses and lay the groundwork for future services, such as point-of-sale and home banking. Standards include:

- DES personal-identification number (PIN) encryption.
- Central PIN verification (no PIN transmitted "in the clear" on foreign transactions).
- On-line, 100% authorization of all foreign transactions, 24 hours a day, seven days a week (or less, by mutual agreement).
- Track 2.
- Personal-account number (PAN;

(Continued on page 40)

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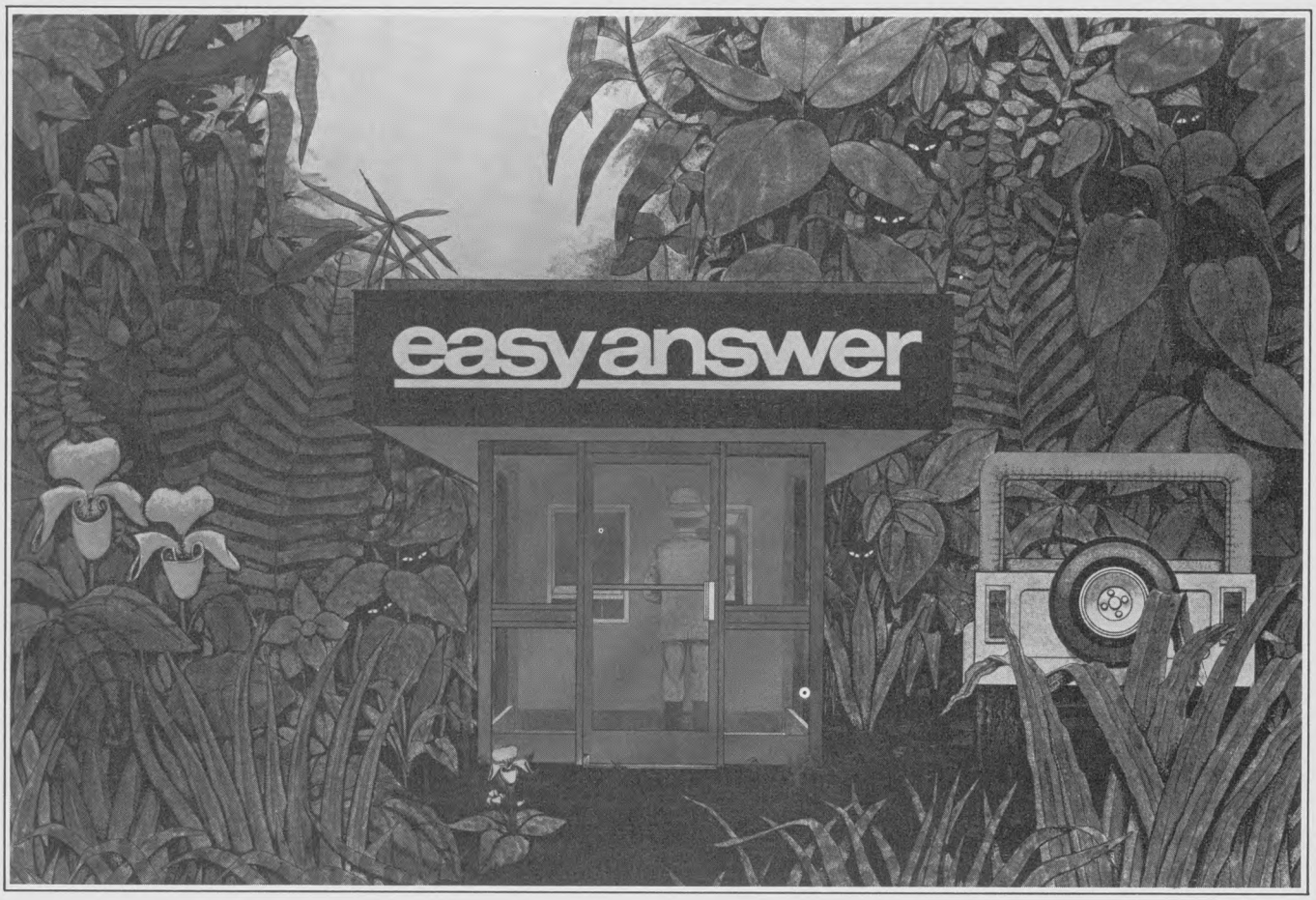
It may be a jungle, but most of the tigers are paper.



The competition among EFT systems is heating up. And the tangle of competitive claims can become positively disorienting.

But some claims have more credibility than others. Because many systems, so far, deal mostly in paperwork: predictions, projections and promises. A select few actually have the capability to deliver.

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While others make plans, easy answer makes history.

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Bank's ATM Operation Rescued by Alliance With New Network

IN 1975, First National in Troy, O., was the first bank in its market to offer automated teller machines. By 1980, it found itself faced with an antiquated off-line system while other competing banks were installing more modern ATM systems. And, by April 1981, First National-Troy had decreased transaction usage to 2,000 a month, a drop from 5,000 a month when the system was at its high point.

Loss of transaction volume was attributed directly to loss of customer confidence as the bank's ATM operation became very unreliable. Excessive machine downtime spells instant failure for any ATM program. In addition to loss of customer confidence, high machine-maintenance cost had boosted the average cost of processing an ATM transaction substantially higher than human/paper-based transactions.

First National-Troy knew it had a problem and was faced with a major decision. The bank had to find a solution that would help it restore customer confidence, increase its competitive edge and, at the same time, lower its ATM operating cost. After reviewing the alternatives, First National-Troy elected to become a member of TELLERIFIC, the ATM network operated by First National of Cincinnati.

"We felt the TELLERIFIC network would answer a number of our problems," says Dave Ault, president of First National-Troy. "With TELLERIFIC, we received increased reliability, increased security and, most importantly, TELLERIFIC allowed us to go on-line. Plus, its 98.5% uptime is outstanding when measured by industry standards. We knew that if our machines were operational 98.5% of the time, we'd be able to gain back our customer credibility with respect to self-service banking."

First National-Troy customers already were familiar with use of an ATM. They had proved they had a genuine interest, but operational difficulties of the existing system had frustrated them. With TELLERIFIC, these customers not only got a machine that was reliably available seven days a week, 24 hours a day, but they also received a number of additional transaction functions. Steve Vallo, marketing director, says, "TELLERIFIC offers our customers a banking system that meets all their needs. With our improved operating system, customers are confident they can do their banking whenever it is convenient to them. Plus, they can now make split deposits, make transfers, payments, withdraw cash from their checking or savings or credit-card account and get instant balance update after completing their transactions. Shortly, our customers will be able to access up to nine accounts in our bank, which is particularly important now that we are offering money-market investment and checking accounts."

In May, 1981, First National Bank-Troy installed TELLERIFIC ATMs at its main office and two additional high-traffic branches. A fourth ATM was installed in an off-premise location. Activity at the off-premise location has been slower than at the other three better-established First National offices, but it has been growing steadily. Currently, 14% of the bank's total ATM transactions are conducted at the off-premise location.

COVER PHOTO: Automatic teller machines such as this one, manufactured by Docutel/Olivetti, Irving, Tex., are used by First Nat'l, Cincinnati, in its TELLERIFIC ATM network.

"We've been pleased with the off-premise location and feel it will continue to expand as more and more of our customers adapt their routine banking habits to the ATM. The people who use it really like it," says Mr. Vallo. "But off-premise ATMs present a whole new field of questions when it comes to processing and servicing the ATM."

"But realistically speaking," says Mr. Ault, "our continued expansion in off-premise sites will be governed primarily by the growth of our cardholder base and number of transactions we experience."

First National-Troy feels its ATM investment will be cost justified when it reaches an average volume of about 3,000 transactions per machine per month. Its current average is just over 2,500 transactions for each of its four machines. The bank has not experienced a decline in staffing, but it has stabilized at its current levels. Dave Ault explains, "Our primary objective right now is to convert our existing customer base to the self-service style of banking because of the proved fact that transaction costs decline as machine usage increases."

From the start of the project to now, First National-Troy has commended the help it received from its network implementors.

"The TELLERIFIC people at First National of Cincinnati are great," says Mr. Vallo. "You name it; they've done it. The TELLERIFIC staff is instrumental in the management of our system. They helped in the hardware selection, setting up operational systems, ordering and distributing cards, establishing network-settlement procedures as well as card-holder and maintenance procedures. They had a

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well-documented implementation plan, which outlined everything we needed to do to go on-line in a hurry. Particularly important to us was TELLERIFIC's marketing program, which is so important in the beginning, or 're-beginning,' of an ATM program."

TELLERIFIC support does not stop once a bank has its system up and running, Mr. Vallo continues, pointing out, "If we have a question, we know we can call First National-Cincinnati. The bank keeps us abreast of all hardware and operational improvements and how those improvements impact our system. Plus the TELLERIFIC network provides ongoing marketing tools, whether they be brochures, ads, radio spots or manuals we can tailor to our specific market needs. We know ATMs are here to stay and with TELLERIFIC we have a service that's easy to sell. In thinking back to the experience we had with our first venture into ATMs, it is comforting to know we now are part of the most sophisticated ATM system."

First National-Troy feels that TELLERIFIC, as well as future EFT products, will keep it competitive in the marketplace, while at the same time help hold normal operating costs in check.

"But, another reason we joined TELLERIFIC," says Mr. Ault, "is because we know the people in Cincinnati constantly are exploring ways of keeping TELLERIFIC competitive in the EFT market. They are continuously on the lookout for new applications and expanded functions that will benefit every member of the TELLERIFIC network."

Steve Vallo sums things up this way, "We feel that TELLERIFIC and First National-Troy are a winning combination. We're convinced we've got the best banking delivery system in town."

• A 400-page guidebook designed to help financial institutions and other organizations comply with dividend/interest withholding is available from Deloitte Haskins & Sells, accounting firm. Chapters in the book deal with TEFRA requirements, IRS regulations, operation/computer systems changes necessary and other information. Title of the manual is "Withholding on Interest and Dividends — Comprehensive Systems Guidebook for Compliance With TEFRA." Cost is $300 and orders can be placed with Curtis H. Cadenhead, Deloitte Haskins & Sells, 1114 Avenue of the Americas, New York, NY 10036.

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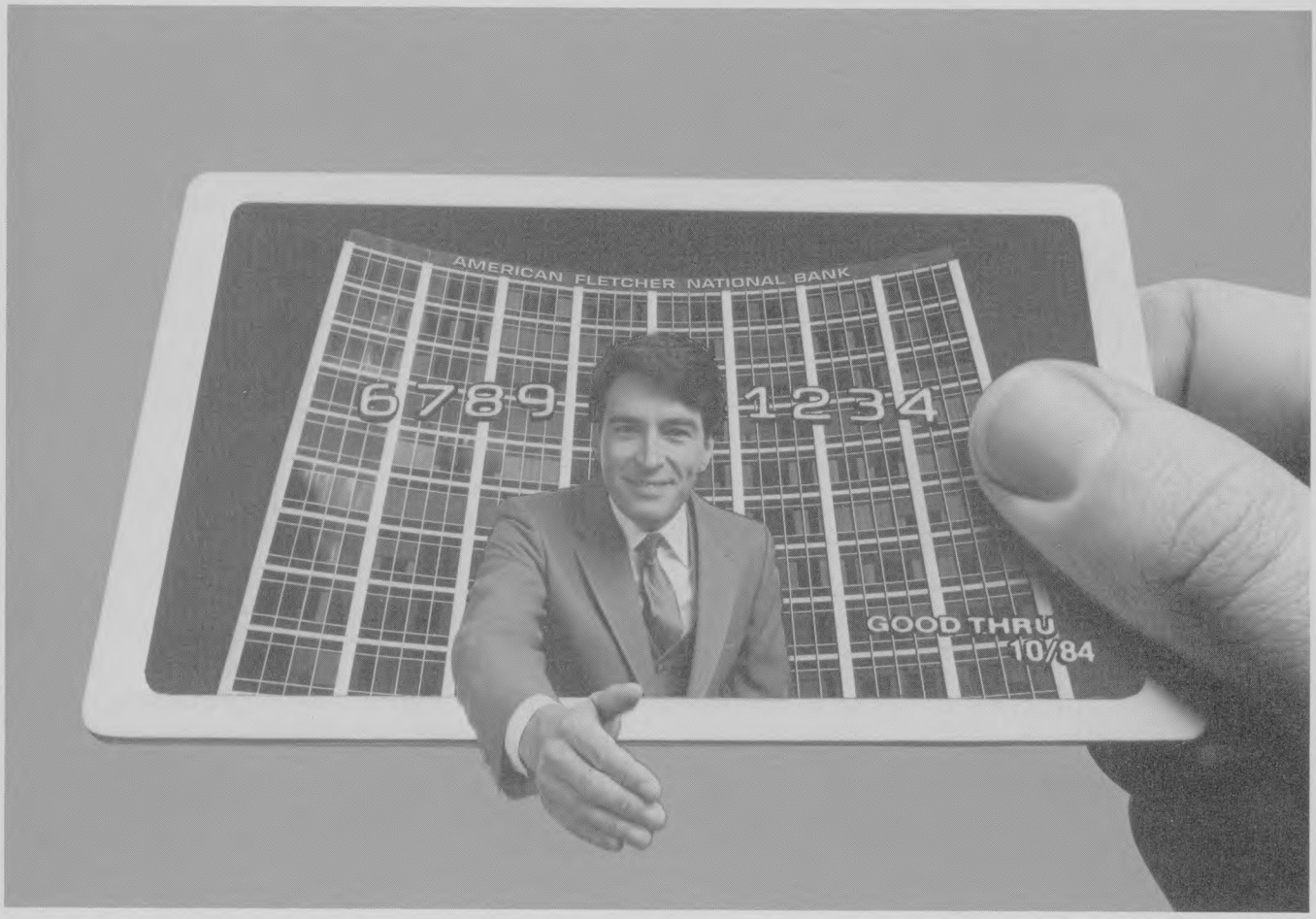

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ATM Networking

(Continued from page 14)

"Where does broad-scale sharing come into play, and whom does it benefit?"

Basically, sharing can be broken down into three types: local, regional and national.

1. Local Sharing

Local sharing works well for a group of financial institutions with a variety of locations in a well-defined geographical area. Mobility of customers should be high within this area, as they travel to work, to shopping centers or to places of entertainment, where they will have an opportunity to notice and use the machines. A good mix for a local sharing program might be a few financial institutions with drive-up ATMs, several with locations at shopping malls and on high-traffic street corners, maybe some with locations at a train station and gas stations, and perhaps another party offering access to terminals in supermarkets. (Note: A good local sharing program will provide a solid base on which to expand and also allow you to measure benefits you are offering and re-evaluate your financial justification.)

2. Regional Sharing

If your customers tend to travel frequently, and on a broad basis, regional sharing may be the next step for your program. Probably the best way to move into regional sharing is to make sharing agreements with other local networks being serviced by your switch. This way, you can implement the sharing program quickly and without additional linking costs. However, depending on the opportunities involved, you may choose to include other groups in your regional network. if this is the case, your switch then needs to link with the other switches serving the outside groups. This will not be a problem if the initial choice was a good one.

3. National Sharing

National sharing seems to be the most popular type in today's high-technology market. However, the way you approach the idea will make all the difference between great success and expensive failure. Naturally, every marketing decision should have as its base a firm understanding of goals and objectives sought, but with national interchange, the need for these ideas to be established becomes even more vital. You see, the main advantage of national interchange is marketing sizzle, and that's good. However, greatest usage of the national-sharing capability will be by the traveling consumer for obtaining emergency funds. Since nearly all travelers carry an extra supply of cash with them or rely on credit cards, you should not expect to experience a high volume of transactions.

However, the sizzle can become a tangible customer service, and this may be worth consideration. Example: You have begun offering national access to ATMs as part of your EFT program and are explaining this to a retired couple who spend every winter in their Florida home. Sizzle suddenly may turn to steak if the couple decides to close the account they opened in a Florida bank in favor of leaving the funds in *your* institution and using your proprietary card to make deposits in a Florida shared ATM. Voila!! National sharing just paid off!

A word of caution — national sharing probably isn't worth giving up the right to determine the future of *your* EFT programs, nor is it worth giving up potential market areas through exclusivity arrangements sometimes required, nor is it worth paying out one-half of your bank's profits this year to participate.

To summarize, *treat national sharing as a natural expansion of your local and regional sharing programs; this is possible once you have chosen your switch wisely. You should be able to rely on your switch to do the major technical and interconnection work, while you maintain your focus on marketing and other related institutional objectives.*

See diagram No. 2 (page 14) as to how this can be accomplished.

As shown, with our SATM program, a single investment in one link provides access to all three types of sharing: local, regional and national, without the high levels of confusion, effort, expense or time.

To answer the second half of that initial question, *"Is the whole concept of national sharing designed simply to generate publicity for the large, politically motivated network operators?,"* let's approach the issue head on. *If you do not make your decisions on a purely political basis, you will not be tempted to deal with an organization that operates on such a basis.* Base your judgments on solid technical capabilities and good marketing foundations; tell your switch operator what you expect in services, and don't worry about the high rollers.

Our third major consideration really is the most important of all: *"Where does EFT networking fit into plans of my financial institution?"*

Without a solid understanding of realistic goals for your electronic funds transfer program, your success will be, at best, accidental. Let's review some of the benefits associated with ATMs and POS programs.

Benefits of EFT Networking

1. Customer convenience — the best possible advertising message to your customer is that he is no more than a few minutes from service throughout the area. An EFT program can make that a reality your customer will quickly come to rely on.

2. Increase in your market share — yes, it is possible. In fact, one New

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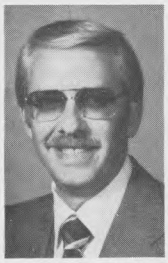

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York City bank announced that its EFT program has effected a doubling of its share of consumer deposits since 1977. By expanding the availability of access to your financial institution, you are likely to attract new customers from within that area. Promote these strengths, and utilize the sizzle available to you.

3. Avoid increasing lobby hours and teller stations — by installing drive-up or 24-hour walk-up ATMs, you have an opportunity to avoid increasing the number of teller stations in your bank and also the number of hours the lobby is open.

4. Lower costs — for example, the national average cost per transaction at a live teller is 75¢-90¢. This same transaction at an ATM would be 30¢-40¢. Also, with a balanced blend of on-premises/off-premises, shared/proprietary ATMs plus a good POS program, you can negate the need for some brick-and-mortar expansion.

5. Receive transaction fees — if your machines are in key, high-traffic locations, it's possible for your EFT program to become quite profitable for you through your own use and through fee income. However, if you need to install a machine to protect your market share in an area where your customer base is small, sharing may be almost essential to making it worthwhile. Another source of income can be gained by making ATMs available to credit card holders, through programs such as those organized by American Express and MasterCard, if you wish to participate.

6. Install fewer machines — if you participate in sharing with others that have EFT programs, you may each be able to install a few ATM or POS devices, rather than each deploying independently and over-saturating your area.

7. Effectively compete — if your competition is not keen on the idea of working together, you may need to use your ATM/POS program as part of your "competing strategy." If he does not have ATMs, install yours first! Or, if he has a comprehensive proprietary ATM program, include POS and sharing arrangements in your program! Of course, remember that you may be working together down the road, and do not directly duplicate each other's efforts.

8. Enhance your bank's professional image — in this age of high-technology and computers, it is important to be perceived as "on top" of the industry. Incidentally, this does *not* reduce the importance or necessarily the perception by customers of quality service or personal contact; if done properly, an EFT program can help you build a reputation for providing top-quality, 24-hour customer service.

Do ask yourself, "Where do we want to be in today's evolving market?," and set your goals accordingly. Evaluate the benefits of all levels of sharing, as described earlier, and decide where your best "fit" is. Review your progress frequently, evaluating each new industry innovation by asking as many questions as possible and by considering how it might aid you in realizing your objectives.

The fact is, EFT *is* here to stay. Successful bankers will be those who stay closely attuned to the needs of their customers, know their objectives, investigate options available, choose their services correctly and utilize their resources wisely. Here's wishing you success. ● ●

Easy Answer EFT Net Makes Gains in Illinois; Plans Link to Nationet

Banks in Illinois are finding it more economical to join the Easy Answer EFT system than establishing their own, says Ben D. Mills Jr., executive director of the Springfield, Ill.-based operation.

Mr. Mills says the largest financial institution in the state (outside of Chicago) selected the Easy Answer system for its new shared network after determining that the system was capable of processing the high volume of transactions it anticipated. It avoided the substantial startup costs associated with implementing an independent system.

Membership in Easy Answer now exceeds 90 financial institutions, according to Mr. Mills. Member institutions are distributed from the Chicago suburbs in the north to Belleville in the south (a city near St. Louis).

As of the first of February, 94 ATMs were being driven directly by Easy Answer and more than 240,000 transactions were being processed monthly. A year earlier, the monthly transaction figure was 50,000. A 350,000 figure has been predicted within six months.

In the Springfield area, Easy Answer supports 12 POS terminals in retail outlets — from supermarkets to lumber yards. The system also supports 16 direct-debit gasoline pumps at two outlets.

Last December, major banks in the Champaign-Urbana area announced their intention to become Easy Answer members and to market their ATM services under the Easy Answer banner, Mr. Mills says. He calls the move "an unprecedented area-wide conversion of previously competitive systems involving 24 financial institutions."

Illinois is about to establish statewide sharing of electronic banking facilities and Easy Answer has been designated as one of the two funds-transmission facilities for this expanded service.

Mr. Mills says Easy Answer will be the exclusive provider of switching services between Nationet — a national EFT network comprising 12 regional networks and more than 3,000 participating financial institutions — and Illinois financial institutions, working through Electronic Funds Illinois. The network is expected to be live by summer.

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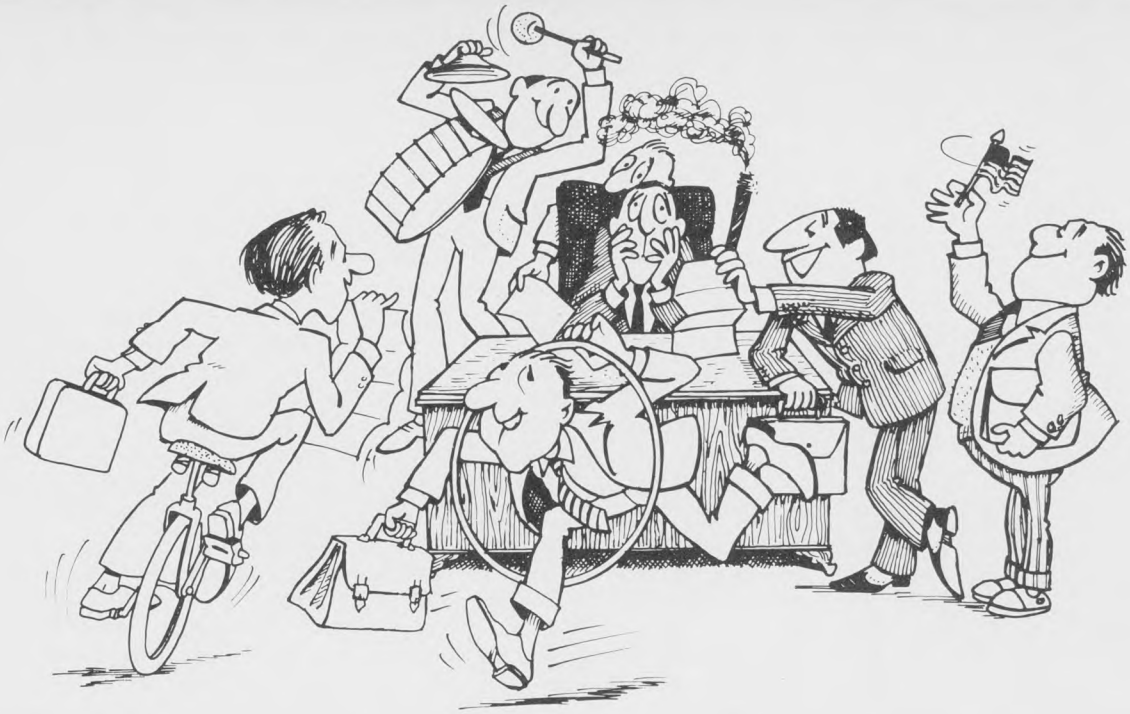

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NEWS
About Banks & Bankers

ILLINOIS

New $1.1-Billion HC Created by Six Banks

Midwest Financial Group, Inc. (MFG), said to be downstate Illinois's largest bank HC, was created last month when banks in Peoria, Champaign, Kankakee and Springfield signed final merger documents. The $1.1-billion company, described as the sixth largest in the state, unites six banks: Commercial National, Prospect National and University National, all in Peoria; Illinois National, Springfield; First Trust, Kankakee, and First National, Champaign.

The MFG executive committee is made up of: David E. Connor, the HC's president; A. D. Van Meter Jr., president, Illinois National; Walter J. Charlton, chairman, First Trust, and William C. Fox, chairman, First of Champaign. Donald R. Houk is senior vice president; Sandra M. Traicoff is corporation secretary, and Barbara J. Duryea is controller. Mr. Houk and Ms. Traicoff are former officers of Commercial National, Peoria. Mr. Connor continues as that bank's president/chairman.

Each bank in the HC continues to retain its own name and identity in the community it serves.

Gilbert H. Todd, executive vice president, Elliott State, Jacksonville, since 1973, has moved up to president/chief operating officer. Robert W. Morris, vice president, has assumed additional lending responsibilities as supervisor of all lending operations. He went to the bank in 1957. Richard A. Foss and Jeffrey B. Coultas were named vice presidents. Mr. Foss, with the bank since 1972, formerly was assistant vice president. Mr. Coultas, who joined Elliott State in 1981, continues as cashier. Elliott State also named Douglas J. Thompson, farm management-department manager, and Paul D. White assistant vice presidents. Rick L. Forth, accounting officer, has been made comptroller. Deanna L. Anderson has been promoted to assistant cashier.

RHODES

BRUBAKER

Hedric E. (Pete) Rhodes, president of Quaker Oats' U. S. Pet Foods Division, has been elected a director of Chicago's Merchandise National.

John E. Brubaker has been elected president/CEO, First Bank of Illinois Co., Springfield, HC for First National, Springfield; First Trust, Taylorville, and Firstbank Mortgage Co., Springfield. Mr. Brubaker joined First of Springfield in 1974, became a director in 1979, president in 1981 and president/CEO last year. He was elected secretary of the HC in 1978 and, in 1981, became its vice president/treasurer/director.

Harris Trust, Chicago, has established an income-property fund for real estate investments of its trust department's institutional clients. The new fund, directed toward smaller tax-exempt pension/profit-sharing plans, will begin phasing in selective purchases over the next several months. Its manager is John K. Rutledge, vice president/trust investment group.

Bank Declared Insolvent

BRADLEY — American State was closed February 12 by First Deputy Commissioner John E. Treston, representing William C. Harris, commissioner of banks/trust companies. The reason: The bank was determined to be insolvent because of excessive loan losses and because it failed to generate sufficient income to provide a sound capital structure.

Deposits in the bank were purchased from the FDIC by Midwest Trust here, whose president is Walter J. Charlton.

Mr. Treston emphasized that American State's depositors will not be inconvenienced in any way.

The Fed has approved the application of Eagle Bancorp, Inc., Highland, to form a multi-bank HC. Banks joining it include Farmers & Merchants, Highland; First National, Nashville, and Sparta State. As members of the HC, these banks will have consolidated assets of more than $130 billion.

Continental Bank, Chicago, has named two mergers and acquisitions specialists, who have joined an expanded M&A group in the bank's financial services department. Morris Gold, formerly president, Mesirow Capital Corp., will head a second Chicago-based team as vice president/manager. Joining his team is Jean E. Perkins, formerly with the mergers and acquisitions department of Warburg Paribas Becker. The present Chicago-based team is managed by Vice President Barton L. Faber. A New York team is headed by Vice President Richard J. Sandulli.

INDIANA

Joyce Stahl has been promoted to assistant trust officer, Community State, Huntington, which she joined in 1972 as a bookkeeper. She went to the trust department in 1978.

Daniel B. Moore has joined Irwin Union Bank, Columbus, as vice president/business services division. He is responsible for business-services development in Bartholomew County. Mr. Moore formerly was assistant vice president/loan officer, Second National, Richmond. Also at Irwin Union, Nancy Merk was promoted to assistant vice president/deposit services. She joined the bank in 1978 and became systems project officer in 1979.

Security Bank, Vincennes, is erecting a new, 7,500-square-foot branch building, which is expected to be completed in December. It will have the Williamsburg colonial style of architecture. Bank Building Corp., St. Louis, is doing the building project.

Steven R. Abel has moved up from assistant vice president to vice president, Central Indiana Bank, Fairland. He joined the bank in 1974.

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MICHIGAN

Restructuring Is Announced By Bay City Bank HC

Peoples Banking Corp., Bay City, has restructured the responsibilities of its senior executives to reflect more accurately its growing emphasis on strategic planning and centralized services.

Four new senior executive positions have been created. James L. Richardson, formerly senior vice president/secretary-treasurer/chief financial officer, has been appointed to the new office of executive vice president/secretary-treasurer/chief financial officer, and he will have final responsibility for all corporate-financial activities, investor relations, corporate information services, accounting and auditing. Robert L. Kisiel, formerly vice president, has been named to the newly created position of executive vice president/operating officer. He will work directly with CEOs of Peoples' affiliate banks, will be in charge of investment portfolios and will coordinate purchasing, personnel and marketing activities.

James W. Kern, formerly senior vice president, Frankenmuth Bank, has been appointed to the new position of vice president/funds management. He will be responsible for the combined investment portfolios of Peoples' affiliate banks and will work with municipalities in management of their short-term funds. Thomas Scampini, formerly controller at Peoples National, has been named vice president/corporate planning and will work with Peoples Chairman/President Franklin Rittmueller to coordinate planning activities of affiliate banks with those of the parent corporation.

New RMA Group Formed

The Western Michigan Group, or subchapter, of Robert Morris Associates has been formed. The new group is the first to operate under the RMA's Michigan Chapter. The group will expand the presence of the RMA in the metropolitan areas of Grand Rapids and Muskegon, as well as surrounding communities. Officers are: chairman, Stephen A. Stream, senior vice president, Lumberman's Bank, Muskegon; vice chairman, Philip Koning, assistant vice president, First Michigan Bank, Zeeland; and secretary-treasurer, Peter E. Bolline, vice president, Pacesetter Bank-West, Grand Haven.

Participating in ribbon-cutting ceremony to celebrate opening of Peoples National's new west side Bay City office were (l. to r.): bank Pres. Clifford C. Van Dyke; Mark Salogar, ch., Midland St. Citizens District Council; Thomas Casault, manager of new office, and Anne Hachtel, Bay City mayor.

Peoples National, Bay City, celebrated the grand opening of its west side office with a reception for 150 businessmen and civic leaders. Bank Chairman Clifford C. Van Dyke presided at the ribbon cutting officially opening the new branch. The ribbon was made up of bills totaling $50, which were donated to the Bay County chapter of the Society for Crippled Children. The new office contains 3,400 square feet of floor space.

Old Kent Financial Corp. To Acquire Pacesetter HC

The Fed has approved an application by Old Kent Financial Corp., Grand Rapids, to acquire Grand Rapids-based Pacesetter Financial Corp. and, thereby indirectly, to acquire all of Pacesetter's bank subsidiaries. Fed Governor Nancy Teeters dissented from the board decision, citing adverse effects on the competitive banking market.

In a statement attached to the Fed's approval order, Governor Teeters says, in part, "the board has . . . determined that consummation of the proposal would not have any significant adverse effect on probable future competition in these markets. Given the relative and absolute size of the banking organizations involved, I find it difficult to believe that the amount of probable future competition eliminated as a result of this proposal would be as insignificant as application of the board's proposed guidelines seems to imply."

Jack Steinmetz has been elected president/CEO, Manufacturers Bank, Bay City. He succeeds Thomas J. Conway, president since 1977, who has joined Manufacturers National Corp., Detroit. Mr. Steinmetz began his banking career with Manufacturers Bank of Detroit in 1966 and joined the Bay City bank last year as senior vice president/chief operating officer. Richard J. Van Akker has been promoted to vice president/cashier.

Comerica Inc., Detroit, has announced that John A. Simonson has been promoted to senior vice president/treasurer-funds management; Arthur W. Hermann has been named first vice president/controller-controller department; Robert N. Olsen has been appointed first vice president/corporate tax; Matthew J. Plawchan has been named first vice president/funds management, and Dodie C. David has been appointed vice president/consumer personnel. Within Comerica Bank-Detroit, Robert S. Colladay has been promoted to senior vice president/personal trust; Douglas G. Chalou has been named first vice president/distribution; Terrence E. Keating has been elected first vice president/employee benefit; James A. Mitchell has been promoted to first vice president/trust operations; James B. Wendt was named first vice president/international operations; Ronald P. Luker was promoted to assistant vice president/metropolitan corporate banking, and Gerald P. Piontkowski has been named assistant vice president/community banking, Eight Mile-Dresden office.

Teddy I. Holden, First American Bank Corp., Kalamazoo, has been recognized as a chartered bank auditor by the Bank Administration Institute. Mr. Holden was one of 143 internal bank auditors to qualify for the CBA certification this year. Successful candidates completed four comprehensive examinations to establish expertise in the areas of internal auditing, accounting, business law, economics, management and organization.

Frederick M. Adams Jr. has been appointed chairman/president-designate, NBD Troy Bank. Mr. Adams, who became first vice president in 1982, succeeds Aubrey W. Lee, who has been named head of National Bank of Detroit's City West Regional Banking Center.

Name Change for HC

First American Bank Corp., Kalamazoo-based multi-bank HC, has received shareholder approval to change its corporate name to First of America Bank Corp. It is expected that during the summer all affiliate bank names will be changed to First of America, with local designations for each bank's market area.

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John T. Cannis has been promoted to senior vice president at Manufacturers National, Detroit. Mr. Cannis is officer-in-charge of the bank's corporate planning group, which includes the economics, marketing and planning departments. James J. Biundo has joined the bank as vice president/trust officer, corporate trust. He comes from Burroughs Corp., where he served as assistant treasurer. Norman S. Miller has been promoted to vice

CANNIS

president/trust officer, and John P. Richardson Jr. has been appointed vice president/investment officer in the trust department. Ronald S. Plaine has been promoted to vice president/senior investment officer, bank investments department. Daniel J. Clarke and Edward F. Katterson have been named vice presidents, and Robert A. Sajdak, Adrian V. Wallace, Kenneth Scheffler, Mary M. Mote and Bradley A. Terryn have been promoted to second vice presidents/officers.

At Manufacturers Bank, Saline, James E. Aldrich has been promoted to vice president. He currently is assigned to branch operations.

At Dearborn Bank, Thomas G. Colletta has been promoted to assistant vice president/manager, bankcard department; Gerald Gajewski has been named assistant vice president/manager, data processing center, and Kevin J. Griffindorf has been appointed assistant cashier/commercial lending.

Marky J. Kalpthor has been appointed branch officer/manager of the Old Kent Bank of Kentwood/Eastern-52nd Office. Christine Hartman has been named corporate services officer.

MINNESOTA

Kenneth R. Murray has been elected to the new position of executive vice president/manager-commercial banking, Northwest Bancorp, Minneapolis. He will be responsible for development of expanded programs to improve market share and profitability from commercial business in current and future geographic target areas. He goes to Banco from BancOhio, Columbus, where he had been executive vice president/asset liability management. Walter R. Miller Jr. has been named executive vice president/consumer banking, Northwest Bancorp. Mr. Miller joined the corporation in 1981 as senior vice president of the same area. Daniel Vandermark has been appointed vice president/tax, a newly created position that includes long- and short-range planning, compliance and research. Mr. Vandermark was director/federal tax, Dart & Kraft, Inc., Chicago-based consumer and food products manufacturer. Richard S. Levitt, Des Moines, Ia., has been named a director of the corporation. He had been chairman/CEO, Dial Corp., acquired by Banco last year, and continues as chairman.

Northwestern Announces Relocation Plans

MINNEAPOLIS — Northwestern National will relocate its administrative offices and several other units, including the downtown branch's customer banking services, early this spring. The bank will become the major tenant of the Baker Block — Baker Building, Roanoke Building, 733 Marquette Building (formerly Multifoods Building) and Peavey Building. Customers will be able to use the new facility in early April. Other departments, including domestic banking, trust and investment and executive offices, will move into the new location by midsummer.

The move was necessitated by the Thanksgiving Day fire that severely damaged the entire Northwestern Bank building.

Plans to move the Elliott Park Branch to a new facility also have been announced. It will provide new combined drive-up service for all of Northwestern's downtown branches. The new facility is expected to open in the fourth quarter of this year. Robert D. Stewart Sr., assistant vice president/manager, Elliott Park Branch, will continue as manager.

Richard Williams has been named executive vice president, First National, Duluth. Mr. Williams, who has been associated with the bank for 25 years, will continue in his position as regional vice president/human resources for Northwest Bancorp.

Elisabeth Reznicek, auditor since 1981 at American State, Bloomington, has been named to the additional position of operations officer.

Northwestern Plans Facility In Hong Kong This Summer

Northwestern National, Minneapolis, has announced plans to open a commercial-banking subsidiary in Hong Kong, subject to final approval by the Fed and Hong Kong's banking commissioner. Northwestern will be the first regional bank in the Upper Midwest to have an operating presence in Asia.

The facility, which is expected to open in early July, will engage in commercial and wholesale banking activities for all of Asia. Services will include loans, letters of credit, collections, wire transfers, foreign exchange and loan syndications. It will be restricted by law from retail and consumer-banking functions.

The subsidiary is designed to serve customers who import or export in Asia, including local companies with Asian subsidiaries.

The Hong Kong facility "will diversify our geographic exposure and establish our presence in the third most important international financial center," says James W. Johnson, head of Northwestern's international banking group.

Gary B. Hawk, currently vice president of the Asia/Middle East/African division, has been named manager of the planned subsidiary. Michael J. Sadak, assistant vice president in charge of the Asian geographic region, will serve as associate director.

At Northwestern National, Minneapolis, Charles D. White has been elected vice president/treasury department administration. Mr. White joined Northwestern in November as chief financial futures trader. He had been with Staley Commodities, Chicago. Harold J. Stark has been named vice president/trust capital management. He joined Northwestern in 1980. Named assistant vice presidents were Patricia Constans, Gerald B. Hamlin, Daniel D. Magnuson, Pamela R. Mohr, Colleen P. Mooney, Randon S. Pintens, Robert C. Klas Jr., Kent H. Bergemann, Robert J. Brownlee, Richard I. Carlson, Timothy R. Skildum, Gary D. Gilbert, Donald D. Ogren, Barbara M. Kiedrowski, Bryn Bjella Parchman, John McShane and Thomas L. Flack.

Roger P. Foussard and William S. Marvin have been elected to the board of American National, St. Paul. Mr. Foussard is president, Hospital Linens, Inc., St. Paul; Mr. Marvin is chairman/CEO, Marvin Windows,

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Warroad. Also at American National, J. Patrick Klett has been promoted to vice president/trust officer, and Robert E. Jenkins has been named assistant vice president/trust officer.

At National City, Minneapolis, Kathryn L. House has been promoted to assistant vice president/Edina office; Connie G. Weinman has been named assistant vice president/trust; GeorgieAnn B. Bright has been appointed investment officer, and Cynthia J. Strand has been promoted to executive line officer/commercial banking.

Honorary Vice Consul

MINNEAPOLIS — W. James Armstrong, president/CEO, Northwestern National, has been appointed honorary vice consul of Luxembourg for Minnesota and Wisconsin. He will serve Luxembourg citizens living in the two-state area as well as U. S. citizens planning to travel to Luxembourg or making business contacts there. Mr. Armstrong joined Northwestern in 1981 as president/chief operating officer and assumed his present position in October, 1982.

Timothy D. Marrinan, assistant vice president/legal counsel, First Bank System, Inc., Minneapolis, has been named to the Fed's consumer advisory council. Mr. Marrinan is a faculty adviser for the ABA Graduate Compliance School and former dean of its National Compliance School. He is a frequent lecturer at the University of Colorado's Graduate School of Banking and at the Herbert Prochnow Graduate School of Banking at the University of Wisconsin/Madison.

The Minneapolis Fed has approved applications of Starbuck Bancshares, Inc., Starbuck, to become a bank HC through acquisition of First National, Starbuck, and to acquire Olson Insurance Agency, Starbuck; of Mahnomen Bancshares, Inc., to become a bank HC through acquisition of First National, Mahnomen; of Duke Financial Group, Inc., New Prague, to become a bank HC through acquisition of State Bank of New Prague; of Le Center Financial Services, Inc., to become a bank HC through acquisition of First State, Le Center, and to continue to engage in operating a general insurance agency; of Keewatin Bancorp, Inc., to acquire First National Insurance Agency, Keewatin; of South Dakota Bancorp., Inc., Minneapolis, to become a bank HC through acquisition of Big Stone Bank, Big Stone City, S. D., Farmers & Merchants, Huron, S. D., and South Dakota State, Milbank, and of Dakota Co., Minneapolis, to acquire South Dakota Bancorp., Inc.

OHIO

New Appointments Made At Huntington Affiliate

Huntington Bank of Northeast Ohio (formerly Union Commerce), Cleveland, has realigned management duties among senior executives who had major positions with Union Commerce.

Robert W. Van Auken, former president of Union Commerce and president, Huntington of Northeast Ohio, now has added responsibility for six other Huntington city offices. Daniel J. Dougherty, executive vice president, has assumed responsibility for six other branches owned by the parent company. Mr. Dougherty, formerly head of marketing for Union Commerce, heads marketing activities for all the northeast Ohio Huntington banks, including the 43 former Union Commerce offices in Cuyahoga and Lake counties. John E. Orin, who headed the energy and trust divisions at Union Commerce, has been named executive vice president/commercial banking. Executive vice president Brian S. Dickens, former Union Commerce chief financial officer, now heads operations, finance, properties, human resources and legal divisions.

Douglas P. Fox, former senior vice president at Union Commerce, has been named senior vice president/trust. Larry D. Randall, who served as senior vice president/human resources at Union Commerce, has been appointed senior vice president/human resources, Huntington Bank, Columbus. Kevin J. Rieke has been promoted to vice president/finance, and Michael J. Kuchar has been named assistant vice president/trust marketing-business development, Huntington Bank of Northeast Ohio.

Gary E. Sternad has been promoted to assistant vice president/commercial loans, Central Trust of Northeastern Ohio, Cleveland. Mr. Sternad joined Central Trust in March as a loan officer.

John W. Kizer has been named vice president/trust tax, and John S. Szuch was appointed vice president/commercial loans, Toledo Trust. Prior to joining Toledo Trust in December, Mr. Kizer served as assistant controller for Champion Spark Plug Co. Mr. Szuch joined Toledo Trust in 1973 as a commercial loan representative. In 1977 he was named vice president/unit manager, a position he held until he left the bank in July, 1982. He rejoined the bank in December and was elected vice president at the time.

At AmeriTrust, Cleveland, Janet M. Brooks was named vice president/unit manager-personal trust; William M. Hegarty was appointed vice president/personal trust; James H. McInerney was elected vice president/employee benefits-new business; Dale P. Sparber was named vice president/national division; Richard J. Martinko was promoted to vice president/corporate banking, and Richard D. Yoaken was appointed vice president/financial institutions. Promoted to assistant vice presidents were Susan Bradley, John G. Martin and William F. Ujcic.

Richard H. Bartholomew has been elected senior vice president/deputy group head-trust at BancOhio, Columbus. He joined the bank in 1956 and has been serving as statewide trust business development division manager. James Ray Dennis, Morris L. Jackson, Johnny L. Johnson, Gary W. Kay and Steven A. Smith have been named vice presidents. New assistant vice presidents are Dale J. Abrams, Bradley J. Beahan, Elmer W. Bomlitz, Harold H. Elliott, Ronald W. Leslie, John P. Lyle, Kathleen A. Rigg and Paul L. Spring.

Bankers Collect Food

AmeriTrust employees topped all other businesses in Cleveland during the city's sixth annual food collection for the hunger task force. Nearly $14,000 was collected during a month-long drive to match the bank's $5,000 contribution. Sharing a look at the 270 cases of food presented to the task force are: (l. to r.) Janice Smith, AmeriTrust v.p.; Dan Elliott, hunger task force ch.; Myra Starr, branch mgr.; Marie Sedlecky, v.p.; M. Brock Weir, AmeriTrust ch., and the Reverend Donald Jacobs, executive director, Interchurch Council.

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Home-Loan Program Offered

National City, Cleveland, has launched an aggressive ad campaign for its home-equity-loan program (HELP) through direct mail of letters and brochures to 10,000 home owners in the greater Columbus area. Customers can borrow up to 85% of their home's market value, less the balance of their first mortgage. Loans are based on a variable-rate program, with National City reviewing the borrower's interest every two years. If the program proves successful in the Columbus area, the bank plans to offer it across the state.

Banc One, Columbus Makes Staff Changes

COLUMBUS — John B. McCoy has been named president/chief operating officer, Banc One Corp. He succeeds Roman J. Gerber, who was appointed executive vice president. Mr. McCoy, son of Banc One Corp. CEO John G. McCoy, had been president since 1977 of Bank One of Columbus, the HC's largest affiliate.

Mr. Gerber's new position is not being regarded as a demotion, according to Banc One spokesman Michael Van Buskirk. "We just ran out of titles," he said. Mr. Gerber, who also has been named board secretary, will oversee acquisitions and regulatory matters for the corportation.

Robert F. Howarth has joined Huntington Bank, Columbus, as senior vice president/corporate relations. He is responsible for government relations, public relations and internal communications. Before joining Huntington, he had been executive assistant to Governor James A. Rhodes since 1979. Richard H. Lehmann, vice president/manager-special assets, has been elected senior vice president; Stephen L. Leister, vice president/manager-national accounts, has been promoted to senior vice president; Gregory C. Sheridan, executive officer for Columbus branch administration, was elected senior vice president; and Vice President William T. Williams, credit administration manager, has been promoted to senior vice president. David R. Owen and Voytek B. Zmijewski have been appointed vice presidents. Linda R. Kay, Donald R. Shively and William J. Thomas have been promoted to assistant vice presidents. Lewis R. Smoot, president/CEO, Sherman R. Smoot Co., Columbus-based construction firm, has been elected to the board.

Gordon E. Heffern has been elected chairman/CEO and Robert W. Gillespie has been named president/chief operation officer, Society National, Cleveland. J. Maurice Struchen has moved from chairman to vice chairman in anticipation of his relinquishing the chief executive role in April. At that time, Mr. Heffren will assume the title of chairman/CEO of the corporation as well as the bank, and Mr. Gillespie will become president/chief operating officer of both the parent company and the bank.

Wilson M. Brown Jr., president/CEO, Centran Corp., Cleveland, and of its principal affiliate, Central National, has been elected chairman of both Centran and Central National to fill positions vacant for the past year.

Cleveland Ad Club Award Given to AmeriTrust

AmeriTrust's "Strong Bankers" print advertising campaign has won the Cleveland Ad Club's highest honors in the 1983 Best of Cleveland advertising competition. AmeriTrust won "Best of Show" (print) and "Best Print Campaign — Trade" for the ads, which promote the bank's No. 1 position among the nation's 50 largest banks because of its strong capital structure and professional management.

By winning "Best of Show," AmeriTrust bested over 425 print entries in the ad club's largest competition in history. In addition, the bank scored a first place in the "Best Radio Commercial" category for its 60-second spot introducing its new generation of Asset ATMs.

This is one of a series of "Strong Bankers" ads that won "Best of Show" honors for AmeriTrust in Cleveland Ad Club's Best of Cleveland Advertising Competition.

Affiliation Discussions End

Toledo Trustcorp, Inc. has discontinued discussions concerning a possible affiliation with Banc One Corp., Columbus. Toledo Trustcorp President/CEO George W. Haigh said the parties were unable to reach an agreement in principle on all terms of the possible affiliation. Toledo Trustcorp and Banc One Corp. announced in January that they were engaged in discussions concerning such an affiliation.

Bruce Hecker, vice president, First-Knox National, Mount Vernon, has been named senior loan officer.

WISCONSIN

Minnesota Bank HC Seeks Expansion in Wisconsin

Minnesota-based Northwest Bank Corp (Banco) is seeking passage of a bill to enable it to expand its operations in Wisconsin. The bill, to be introduced in the Wisconsin legislature, would permit out-of-state HCs that already operate in the state to expand their holdings.

Banco currently holds First National, LaCrosse. Wisconsin-based HCs do not have reciprocal rights to expand into other states.

Acquisition Planned

F&M Financial Services Corp., parent company of F&M Bank, Menomonee Falls, has entered into a letter of intent with Leasenu, Inc., for acquisition of Leasenu. The transaction is subject to the necessary approvals. Leasenu is engaged in full-time leasing with emphasis on equipment in the medical field. F&M Bank, with offices in Lannon, Lake-Five and Sussex, has made application to establish offices in Waukesha and Oconomowoc.

Thomas J. Alberti, Nicholas R. Cochron, William H. Hanton and Katherine M. Klobuchar have been named vice presidents, Marine Corp., Milwaukee. Promoted to assistant vice presidents were Janet S. Brunlieb, David A. Grabski, Michael J. Linley, Noe F. Parenteau, J. Dean Potokar, Patricia A. Richter, Mark H. Rutter, Sharon L. Schmiedel and John A. Taflan II. Thomas P. Brogan Jr. has joined the corporation as marketing officer/product development section. Mr. Brogan goes to the Marine from Elec-

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tronic Data Systems Corp. At Marine Trust, Richard H. Bauzenberger has been appointed vice president and will continue as head of the corporate services division; Michael J. Normand, Brenda K. Tipton, David B. Urben and Richard J. Walters have been named assistant vice presidents.

William G. Ellis, president, Wayland Academy, Beaver Dam, has been elected a director of Marine Bank, Beaver Dam. Since 1969, Mr. Ellis has served as a consultant for the U. S. Small Business Administration and is a former director of Maine Savings Bank.

James H. Keyes, vice president/chief financial officer, Johnson Controls, Milwaukee, has been named a director of First Wisconsin Trust.

'Wally, the Walrus,' Opens Bank Drive-Up

"Wally, the Walrus," official representative of Marine Banks, was the first customer at the new drive-up facilities of Marine of Waukesha's Eastbrook Office when they were opened in January. Dollar bills covering a 10-foot-long ribbon used to officially open the drive-up were deposited by Wally into a special fund for the Food Pantry, a local charitable group.

The Eastbrook Office serves as a location for Waukesha-area residents to donate funds or food to the pantry.

The opening ceremony included gifts of key rings to the first 100 customers, refreshments in the lobby and an opportunity to visit and have pictures taken with Wally.

The dollar-bill ribbon, which spanned one of the drive-up lanes, was cut by Thomas Loew, bank president; Ken Cooley, administrator of the Food Pantry, and other Marine officials.

Thomas Loew (l.), pres., Marine Nat'l, Waukesha, gives funds from ribbon cutting at opening of Eastbrook Office's new drive-up facilities to Ken Cooley, administrator, Waukesha Food Pantry. Looking on are Marine's Wally the Walrus and Eastbrook Office Mgr. William Gartman.

Martin F. Pella Dies

MILWAUKEE — Martin F. Pella, 67, died January 22 in Caracas, Venezuela. He was special assistant to the president/international banking consultant, Marine Bank, and its parent HC, Marine Corp.

Dr. Pella joined the Marine organization in 1977 after having been vice president/international banking department, Harris Trust, Chicago, which he joined in 1961.

Dr. Pella was instrumental in developing Marine's worldwide network of correspondent banks and international-lending services.

Dr. Pella, born of Spanish ancestry and educated in schools in England, France and Spain, held a law degree, managed his grandfather's cork, olive and wine interests in Spain, founded his own law firm in Cuba in 1949 and — after actively opposing the Batista dictatorship there — was named ambassador-at-large to Russia by Fidel Castro. However, when he realized the Castro regime was moving toward Communism, he left Cuba for the U. S., bearing the recommendation of the Kennedy Administration. Before going to Harris Trust, Dr. Pella was with the law firm of former U. S. Secretary of State Dean Acheson.

Donald H. Gauger has been promoted to senior vice president, Citizens North Shore, Shorewood. Mr. Gauger had been vice president since 1979 and is responsible for all bank-lending operations and commercial-area accounts.

At Lincoln State, Milwaukee, Steven J. Rutt has been promoted to vice president/cashier. Named assistant vice presidents were Marcella Karshen, Cynthia Knitter, Mary Jo Krawczyk and Sharon Tomczak.

Robert W. Schoenke, president, State Bank, Slinger, has been named chairman. Jacob H. Hansen, president, Hansen Foods, Inc., was named a director. Retiring from the board were Harry M. Schuck, chairman emeritus, and Richard W. Rosche, Norman A. Kletti and Kermit W. Miller, directors emeritus. Christine Moberly, who has been with the bank since its merger with Bank of Jackson in 1982, was promoted to vice president. Nancy Bingen has been appointed assistant vice president, and Annette Mueller and Dianna J. Retzlaff have been named assistant cashiers.

P. Michael Mahoney has been elected president/director, Park State, Milwaukee. He goes to Park State from First Bank, Milwaukee. John Kelly, who has been acting president/chairman, continues as chairman.

Roseanna Dippmann has been elected operations officer, West Allis State. She will manage the bookkeeping and proof departments of West Allis State and Southwest Bank, New Berlin.

Herbert C. Martin has been named business development officer, M&I Bank, Madison. Mr. Martin joined the bank in 1982 as a business development representative after a 44-year career with the J. C. Penney Co.

Dale F. Guenther has been appointed vice president/commercial banking at Brown Deer Bank. Mr. Guenther joined the bank in 1981 and was named a commercial banking officer the same year.

Marine Trust, Milwaukee, has established a trust service office at First State, New London. Although First State is not part of Marine Corp., the office is on its premises, the second such office in the state for Marine Trust. Joseph E. McGrane, vice president, and Richard L. Jones, trust officer, are responsible for the operation of the office, which offers a full range of personal and corporate trust services.

First National, West Bend, has been acquired by Marshall & Ilsley Corp., Milwaukee, becoming the 27th bank affiliated with M&I. Management and staff of the West Bend bank will remain unchanged.

New Banking Commissioner

MADISON — William P. Dixon has been appointed Wisconsin banking commissioner, succeeding Thomas E. Pederson, who died in January while attending a bank conference in Scottsdale, Ariz.

Mr. Dixon was on the team that drafted the Wisconsin Consumer Act and was staff counsel to Governor Patrick Lucey for two years. He then became counsel to the judiciary committee in the U. S. House of Representatives, then general counsel to the House Banking Committee. Appointed by President Jimmy Carter to the World Bank, Mr. Dixon served two years as U. S. alternate executive director.

Most recently, Mr. Dixon was with a Washington, D. C. law firm.

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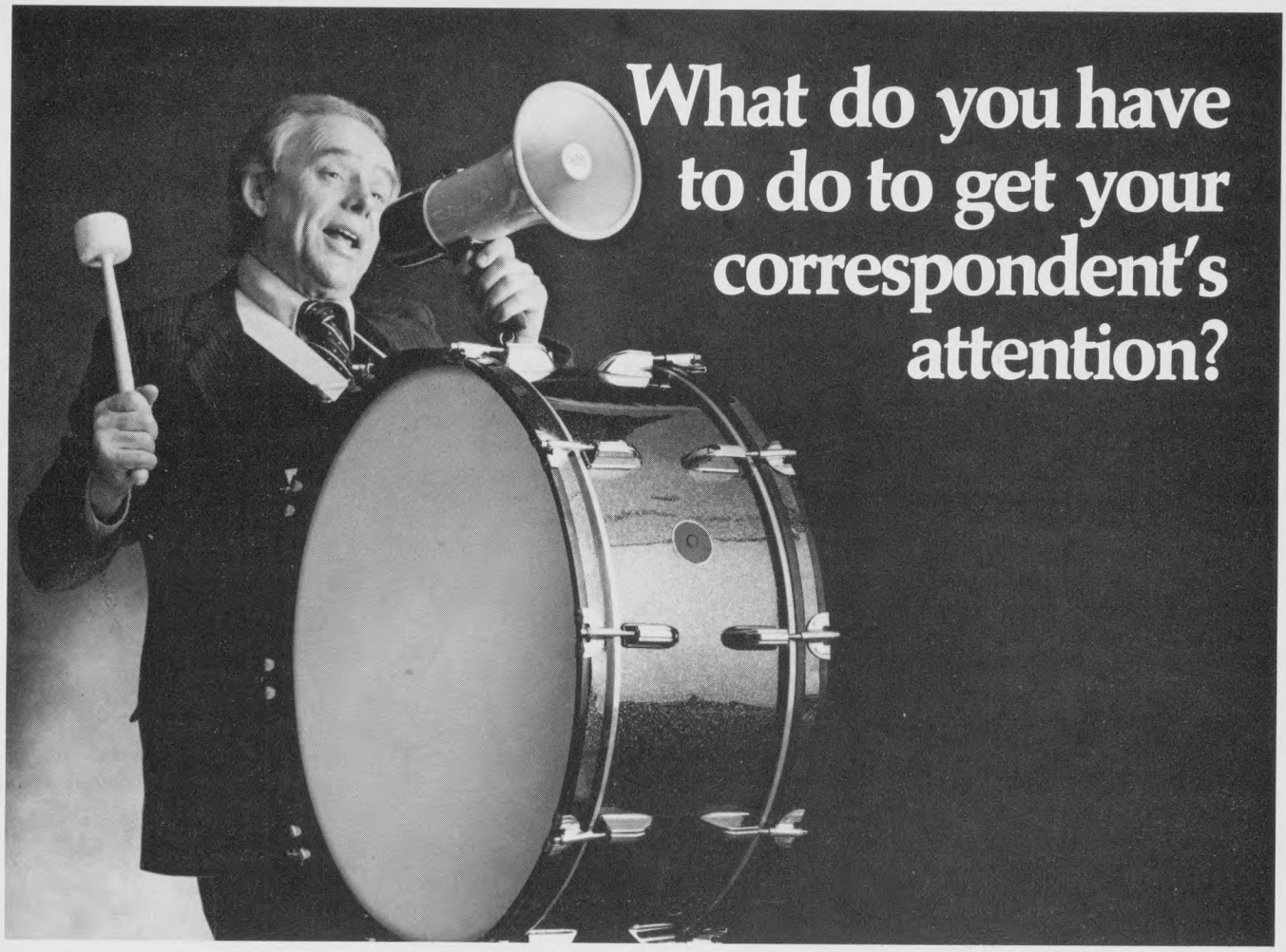

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Banking, Economic Issues Spotlighted At Wisconsin Bank Executives Seminar

MORE THAN 350 bankers attended the Wisconsin Bankers Association's (WBA) banking executives seminar in Madison last month, following a tightly structured and varied program dealing with current issues affecting Wisconsin and its depository institutions.

Daniel G. Priske, president, Citizens National, Marshfield, and chairman, WBA bank management committee, presided.

Gerald M. Lowrie, ABA executive director for government relations, discussed national public-policy issues for the coming year. "The Congress will have a lot less going on about which bankers disagree than was the case in the last Congress," he said.

Daniel G. Priske (l.), conf. ch., and Bryan K. Koontz, WBA exec. dir., took part in program at association's bank executives seminar in Madison last month.

He spoke at length about withholding-at-source and bankruptcy reform. By a show of hands, CEOs made it clear that both issues are of prime importance. The push for repeal of withholding, headed by Wisconsin Sen. Robert W. Kasten, has wide support and nearly all Wisconsin bankers have been informing customers about the issue and sending letters to Congress urging repeal. However, the outcome of the repeal movement is in doubt and bankers are preparing for compliance.

On the topic of bankruptcy reform, Mr. Lowrie urged bankers to keep up the pressure on Congress. "Use anecdotal examples," he suggested, to point up inequities.

Addressing the topic of insurance-related disclosures, Mr. Lowrie pointed out that the trend is toward more disclosure, a situation many bankers believe to be unfair. However, when bankers were asked how many had complained to the FDIC, only a handful responded. "Write to your regulators about this," Mr. Lowrie advised.

John E. Knight, WBA legal counsel, presented a legal update on a variety of issues including Truth-in-Lending (not much change), equal credit opportunity (possibility of increased consumer litigation), public disclosure (an FDIC study will be presented in April), new banking products such as discount brokerage (with a caution not to overlook state law), retail repos (phasing out), new kinds of accounts, truncation, withholding at source, new payment code, variable rates and bankruptcy.

"Adapting WBA to the '80s" was discussed by Executive Director Bryan K. Koontz; WBA President Rowland J. McClellan, president, Bank of Wisconsin, Janesville; and WBA Vice President William J. Morrissey, president, Independence Bank, Elkhorn.

Most of what will happen in Wisconsin in the next few years will have to do with the state's economic problems, Mr. Koontz noted. He explained what the WBA staff is doing to adapt to changing conditions that include a new governor and a legislature with 40% new faces.

Mr. Koontz spoke briefly about the so-called Banco proposal that would permit-out-of-state HCs that have one bank in the state (such as Minnesota-based Northwest Bancorp.) to buy more banks. Since no Wisconsin HC has banks in other states, there is no possibility of reciprocity. The WBA has rejected the proposal that Banco is lobbying to have introduced as a bill.

Mr. Koontz also told bank executives about discussions with the legislature on the question of broadening state bank authority. A possible starting point might be to seek to have bank service corporations authorized to do anything a nonbank corporation can do in the state. A bill to that effect is being planned.

A proposal by state Sen. Timothy F. Cullen to extend the residential-mortgage redemption to three years was discussed. Although this is an unpopular idea among bankers, Mr. Koontz reminded seminar participants that there are two sides to the question. High unemployment has caused a number of homeowners to default on mortgage payments and foreclosures are up. Mr. McClellan asked attendees to check on the current increase on foreclosures in their banks and to send the information to the WBA and the state legislature. There was general agreement that the number of foreclosures in the state has been overestimated and that most bankers are willing to be patient with borrowers who are trying to pay.

In a plea for support for the WBA political action committee, Mr. Koontz emphasized that the PAC has been hampered by a lack of funds. He asked bankers to solicit private contributions. "Shoot for $50,000 a year," he suggested.

Mr. McClellan explained the status of MABSCO — the group of state bankers associations formed to eliminate redundancies. He presented an update on the subsidiaries of MABSCO Bankers Services:

- The money-market fund (begun prior to December 14) still is operating although the new money-market savings instruments have caused a decline in deposits. At present there are no plans to disband the fund.
- Discount brokerage is not expected to be a revenue producer, although there are some good programs.
- MASI — MABSCO Agricultural Services, Inc. — is a new service for ag

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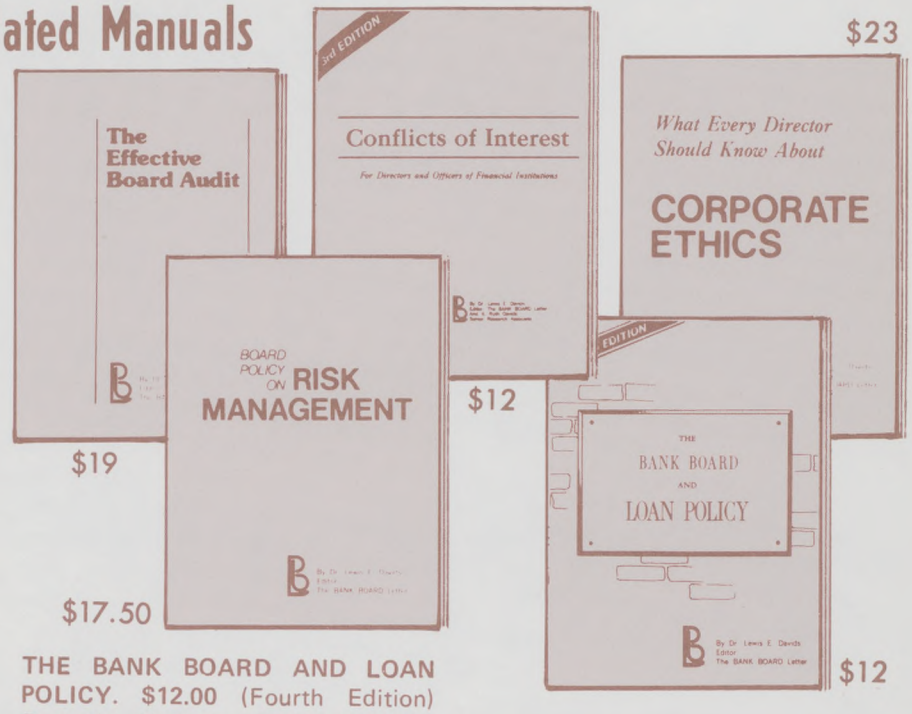

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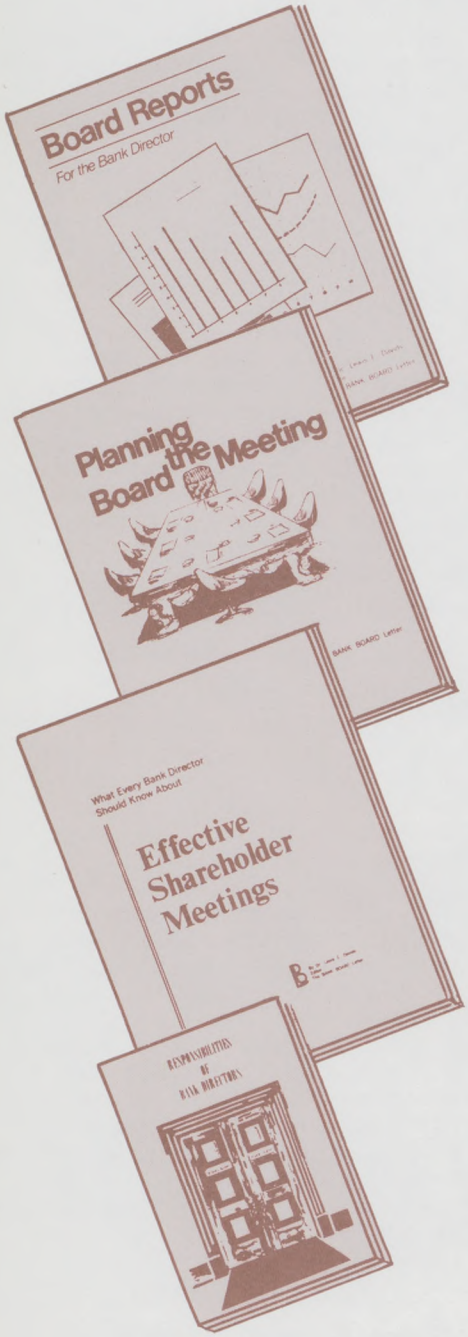

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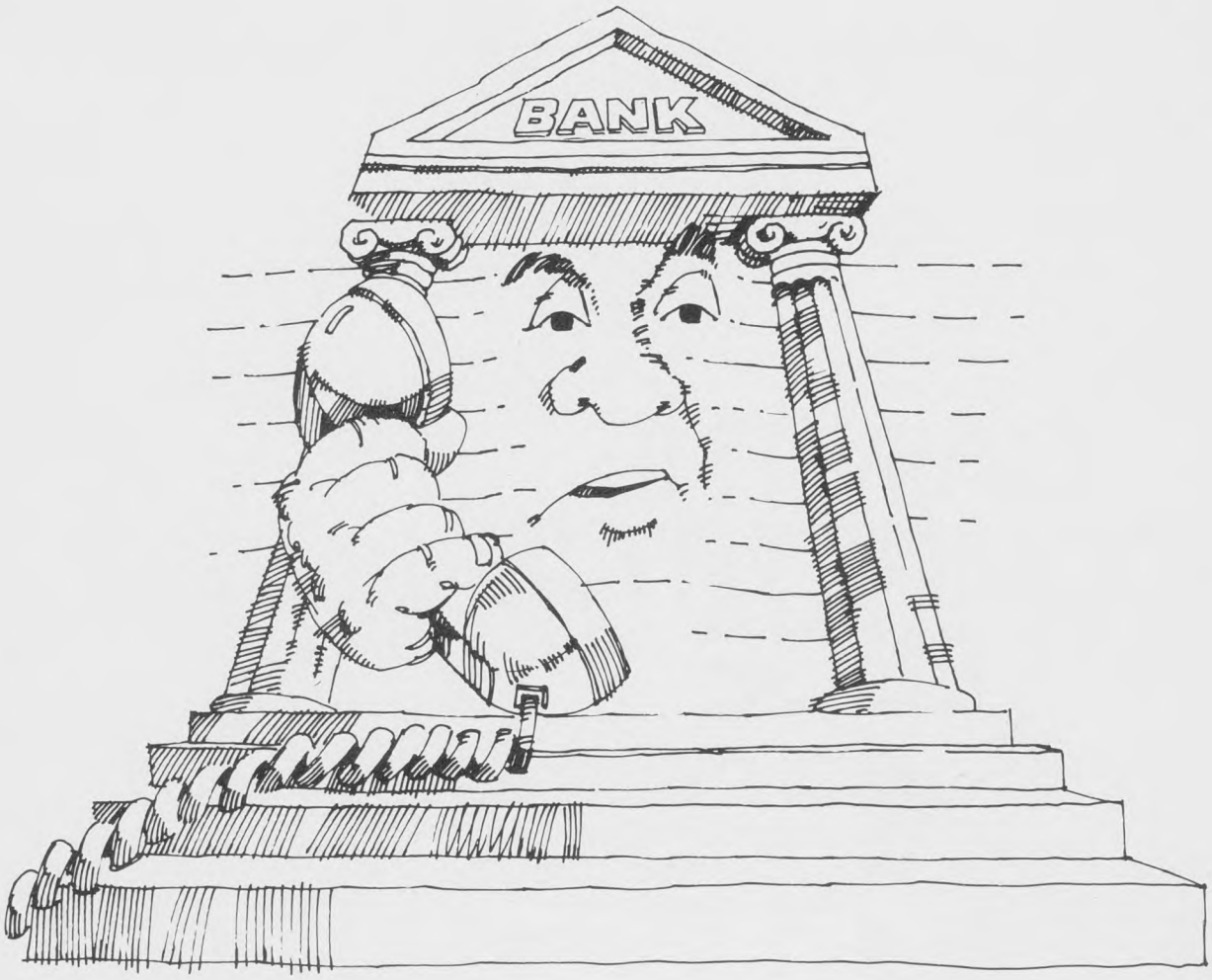

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- A video-training clearinghouse is filling the "need for a better low-cost means of upgrading the understanding of employees on various products and services." MABSCO is developing a clearinghouse for rental or purchase of low cost training tapes.
- A study is being conducted to look into the possibility of forming an insurance subsidiary.
- A study on secondary marketing of mortgages revealed that the present marketplace is adequate.

Touching on other topics, Mr. Koontz explained the new WBA pension/insurance program that has been incorporated as Employee Benefits Corp. He also noted that a model for the educational program's structure has been completed.

MASI, MABSCO's new concept in agricultural lending, was explained by Greg Le Gare, who is a MASI board member and agricultural representative at Bank of Osseo. MASI makes it possible for community bankers to discount short-term ag credit at a reasonable rate and yet cover the cost of operations and make a profit, he told participants. Through an agreement with Rabobank, Nederlands, MASI-member banks have been provided with a new, relatively inexpensive source of revenues.

"We have finally found a secondary market that can compete," he said. Mr. Le Gare emphasized the low cost to banks of joining MASI and pointed out that membership provides "a dependable source of funds for your ag programs or farm overlines . . . a cheap insurance policy that will be there when you need it."

MASI has begun a pilot program in Wisconsin with four banks approved to sell loans — Bank of Osseo; Affiliated Bank, Cambridge; Commercial & Savings, Monroe; and Bank of Wisconsin, Janesville.

Mr. Le Gare concluded: "I think we have found a vehicle that will allow banks to service their customers without another bank coming into the picture. . . . Even if your bank does not have a liquidity problem, now is the time to be working on a secondary source of funds." A marketing program and workshops on MASI will be offered if there is sufficient interest, he added.

Gerald L. Snyder, president of Washington, D. C.-based Harvey Baskin Co., spoke on an alternative funding method for community banks through the firm's CDx service. CDx provides a clearinghouse for depository institutions to list any quantity of $100,000 CDs they want to offer. The lists are made available in packages of $1 million or more to investors of large sums. CDx provides a low-cost delivery system that gives "smaller banks maximum flexibility for determining rates, amounts and timing" so they can participate in a national market. Using a touch-tone phone, a banker can dial directly into the computer — using a security code — to place offerings. Confirmation is both immediate and by mail. A banker can call the computer any time to verify listings.

CDx has built up a large clientele, Mr. Snyder said. In recent months "banks and their trust departments have represented 80% of our buyers," he noted, "because insured CDs provide such an excellent balance between safety and yield."

CDx has provided a needed service to community banks, Mr. Snyder stated. "In these days of really hot money that results from new DIDC regulation, deposits can literally leave overnight — lured away by a competitor who suddenly decides to offer 100 or 200 basis points more on his accounts than you are offering . . . CDx provides community bankers with a continuous and dependable source of funds from a nationwide clientele of depositors." — **Eleanor Wainwright, editorial assistant.**

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Thorough Investigation Pays Off When Bank Seeks Data Processor

WHY WOULD a bank HC in Wisconsin be interested in signing up for a data processing service out of Pittsburgh? Because it wanted the best service it could get for its product mix, no matter where it had to go to obtain it.

Distance isn't a factor when it comes to data processing, says Larry Spooner, president, Heritage Data Services, data-processing arm of Heritage Wisconsin Corp., Milwaukee. Heritage installed the Mellon Bank Datacenter Service in 26 offices of the 12 Heritage banks in 1979 and 1980, and, from the way Mr. Spooner talks, Heritage is one of Mellon's most satisfied customers.

Heritage had an in-house data-processing system under a facilities-management contract back in 1978. The HC desired a more sophisticated system when the contract expired, so Mr. Spooner coordinated a project to locate a data-processing system that would do the job best for Heritage.

The search included visits to first-rate bank data-processing shops around the nation to see what they were doing and where they were going with automation systems. In developing its laundry list of system needs, Heritage sought the assistance of Mellon Bank because it has long been recognized as one of the premier operating banks in the country. From these visits, Heritage came to the conclusion that among capabilities it should include were proof of deposit, bulk-filing, on-line exception pull, item truncation, system integration, on-line information and comprehensive management reporting.

During the visit to Mellon Bank, Heritage had been introduced to the concept of remote-job entry (RJE), and it turned out that this capability from Mellon was the best resource for most of the systems that Heritage had identified.

Mr. Spooner faced a considerable selling job once he had a supplier in mind. Changing data-processing suppliers is very expensive, and a considerable equipment outlay would be required for Heritage to install an on-line system.

Among the things that sold management on the change, Mr. Spooner says, was immediate availability of the items on Heritage's laundry list, including a comprehensive central reference file, combined statement capability and advanced management-reporting systems. A major factor was the great improvement in productivity that would result from installing the Datacenter Service. Proof of deposit, bulk filing, exception-item pull and item truncation created productivity improvements that tended to bring down the cost of installation through reduced number of employees.

Mr. Spooner and the Heritage management also were impressed with Mellon's commitment to the Datacenter concept. Mellon's people had helped Mr. Spooner develop the laundry list of systems for Heritage and, in so doing, had recognized that its advanced operations system capability was up to the task of fulfilling Heritage's demands for sophisticated service.

After almost four years' experience with Datacenter, Mr. Spooner says he considers the system to be "a very powerful and complete product with plenty of horsepower to support the on-line system. The CIF, for instance, not only is very efficient, but also provides the HC with the ability to extract information that is very meaningful for marketing purposes. I also appreciate the ability to profile accounts on a regular basis to determine their profitability.

"One of the things I appreciate about the Mellon system is the sharing of development costs with the other Mellon users. This concept encourages new-product development at a cost we can afford.

"Mellon also gives its systems a level of flexibility that permits users to create their own products for their marketplaces."

Heritage uses all Mellon services that are compatible with its product mix. Mr. Spooner is especially fond of the management-reporting systems and capability to perform rate analysis. The Datacenter enables Heritage to perform services that previously would have been too costly to perform.

"The people at Mellon are always ready to listen to a user's idea," says Mr. Spooner. For instance: Heritage discovered that if Mellon would make a minor adjustment to its bulk-filing system, Heritage could eliminate microfilming all checks at statement-cycle time. The suggestion for change was transmitted to Pittsburgh, where it was considered and implemented.

As Mellon's largest customer, $725-million-asset Heritage maintains notebooks on each system it uses and always is on the lookout for refinement possibilities. Since the system was installed at Heritage, as many as 50 enhancement possibilities have been suggested.

Among benefits of the Datacenter System is the improved service Heritage has experienced at its teller windows, since most of the information needed is available on-line to tellers. Datacenter enabled Heritage to centralize the back offices of its 12 banks at one location, resulting in abundant savings in time and personnel costs. There would have been considerable savings if the system had enabled the 12 banks in the Heritage HC to merely make their individual back offices more efficient, but the fact that all the work now is done in one central location has compounded the savings.

Installation of the Datacenter systems through the Heritage organization took about eight months. There were some problems getting the systems installed, notably changes in Regulation E that were made just prior to conversion. But Mellon's people

Mellon Bank provides data-processing services to nearly 200 banks in 16 states, including 50 banks in the Midwest. A Mellon affiliate, Mellon Financial Services, recently acquired the assets of F. T. I. Services, Inc., Chicago, and has opened a Datacenter office there.

Products offered by Mellon Datacenter are based on an on-line network tied to a customer-information file. In addition to basic financial accounting systems, Mellon Datacenter offers teller-transaction truncation, asset/liability reporting, account analysis, corporate-customer profitability and management-marketing analyses.

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reacted well, according to Mr. Spooner, especially when it's considered that the conversion involved all 12 Heritage banks. Each of the Datacenter systems was installed first in a pilot bank, where any bugs could be detected and eliminated; then it was installed in the other 11 banks. There was considerable overlapping of installations, but after a system was running, further installation was turned over to a special team that didn't have to be concerned with fine tuning the systems.

Customers were informed of the conversion by letter. And it wasn't long before they could detect the higher level of sophistication taking place in Heritage's data-processing operation. The new system enabled Heritage to change its debit-card design and services and to offer combined statements — two things easily noticed by customers.

Projects for the future involving the Datacenter Service include the capability of creating a teller-staffing model as well as other new systems, Mr. Spooner says.

Since the cost of setting up a data-processing system is prohibitive to banks under $150 million, Mr. Spooner says, Heritage is planning a program to offer its data-processing service to other banks. The service will enable these banks to use Mellon Datacenter systems through Heritage Data without investing in an in-house computer center to support remote-job entry. — **Jim Fabian, senior editor ● ●**

McGillicuddy Honored

John F. McGillicuddy (l.), ch./CEO, Manufacturers Hanover Corp., New York City, holds the special Medal of Merit he received from the Treasury Department for his outstanding service to the U. S. savings bonds program as 1981-82 banking-industry chairman. Presenting the award is William R. Fuller, Manhattan district director, U. S. savings bonds division. The award came from Treasury Secretary Donald T. Regan.

Donald M. Carlson Dies

Donald M. Carlson, 66, died January 17. He headed the Independent Bankers Association of America in 1971-72 and the Illinois Bankers Association in 1960-61.

Mr. Carlson entered banking in 1933 at the Chicago Fed, went to State Bank of Blue Island, Ill., in 1945, South Shore Nat'l, Chicago, in 1949, and to Elmhurst (Ill.) Nat'l in 1952. He advanced to president in 1953 and retired in 1980.

Centerre Bank, St. Louis Buys Missouri State Bonds

Centerre Bank, St. Louis, was the successful bidder for the $60-million state of Missouri bond issue sold January 19. Its syndicate is comprised of 42 other securities dealers and dealer banks with local representation from Stifel, Nicolaus & Co., Inc., I. M. Simon & Co. and R. Rowland & Co.

The $60-million bond issue is the largest syndicate ever managed by Centerre and the largest ever sold by the state. The series A state water pollution central bonds and state building bonds are the first block of Missouri's voter-approved $600-million bond issue to be sold.

Bidding was extremely competitive, said James R. Lanigan, Centerre vice president/municipal securities manager, with all of the bids falling between 8.101% and 8.14%. A second bid of 8.106% was by a syndicate managed by Morgan Guaranty Trust, New York City. Other competing syndicate managers included Citibank and Chase Manhattan, both in New York City, and Northern Trust, Chicago.

The series A bonds range in maturity from February 1, 1984, through 2008. Interest is exempt from federal and state income tax and is payable beginning August 1, 1983, and each February and August thereafter.

According to Missouri Governor Christopher S. Bond, the sale of the bonds, earmarked for improvements, will begin to meet the state's critical building needs and put Missourians back to work.

Commercial Problem Loans

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How to Identify, Supervise and Collect the Problem Loan!

A completely revised and expanded second edition of *Commercial Problem Loans: How to Identify, Supervise, and Collect the Problem Loan* by Robert H. Behrens has just been released by Bankers Publishing Company. This manual shows loan officers how to handle small-to-medium-sized commercial loans that are in danger of being classified as "problem loans."

It stresses early identification of problems and their underlying causes so that the loan officer can implement a plan for corrective action. For those cases where the loan cannot be salvaged, a step-by-step program of collection will minimize loan losses and safeguard the bank's position.

This well-organized text will serve as a working reference for lending officers, loan review officers, and credit and collection personnel. It provides 224 pages of procedures, checklists, and 21 sample documents including a credit file, a loan review log, and a charge-off worksheet. Two new chapters — "Establishing a Loan Review Department" and "Lender Errors that Lead to Loan Losses" — and an additional case study on how to salvage a loan are other features of this expanded second edition.

In addition to over 20 years of lending experience, Mr. Behrens is a graduate of both the Stonier Graduate School of Banking and the National Commercial Lending School and holds the ABA's professional designation of Certified Commercial Lender. Mr. Behrens is currently vice president and senior loan officer at The Commercial Bank, Champaign, Ill.

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'Through-Wall' Cameras Keep Eye On Mississippi Bank's ATM Sites

TO PROTECT its ATM installations and customers, Commercial National, Laurel, Miss., has installed Mosler through-the-wall videotape ATM cameras at its North and West Laurel ATM locations. Using economical, reusable videotape, the cameras generate time, day and date records of every transaction and can be stopped for immediate hard-copy prints. Operating on 24-volt power, the cameras provide clear pictures day and night with just average lighting. The 8 mm lenses give extremely wide-angle coverage of customers and their transactions.

Because of their unique through-the-wall design, the units are not easily recognizable as cameras by the general public and are maintained inside the bank building rather than outside.

For additional protection and in conjunction with the ATM cameras, there are Mosler closed-circuit television cameras covering all teller stations, new-accounts desks and remote drive-up lanes. Mosler 35 mm surveillance cameras also guard the exits at these branches.

This configuration enables Commercial National to monitor bank activities during the day and provides 24-hour surveillance at ATM locations. According to Robert S. Gaddis, president, Commercial National, "We believe equipment that is available for use 24 hours per day should be under surveillance 24 hours per day."

A closed-circuit television system was designed and installed by Mosler and is tied directly into the Mosler bank-alarm system.

"We've had some problems with bad-check scams and have been able to provide excellent photographs of suspects to our local law-enforcement people," says Mr. Gaddis. "In fact," he adds, "these cameras have been working so successfully for us since their installation early last fall, we've ordered another for our Sawmill Square Branch, which currently is under construction on Sawmill Road."

Mosler is an operating unit of American Standard, Inc. In addition to manufacturing bank security systems, American-Standard also is a leading producer of railway, mass transit and automotive braking and control devices; plumbing and other building products; earth- and ore-moving vehicles; industrial-fluid power products and graphic products. The company and its affiliates carry on manufacturing operations in more than 20 countries. ● ●

Total Security

Total ATM security is being marketed by Mosler Safe Co., Hamilton, O. Its total ATM-security system features video surveillance, card access, alarms and night-depository interface. The firm recommends these products for a single ATM installation or a comprehensive ATM network.

Mosler's total ATM-security system includes videotape surveillance (see circled equipment).

According to Mosler, all, or any combination, of the components of this turnkey-security package can be provided for new or existing installations. Mosler also says its nationwide network of trained technicians offers one source for service of the total security system 24 hours a day.

Mosler's Photoguard® surveillance system assists banks in complying with Regulation E of the Bank Protection Act by providing sharp, clear pictures and, with its recorder, tracking all ATM transactions around the clock. The equipment gets up to 10 full days from a reusable videotape.

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Micro-Management Correspondent Service Provides 'Big Bank' Expertise to Clients

FEW COMMUNITY and rural bank managers have the expertise to make the right decisions when it comes to selecting micro-computer hardware and software for their institutions.

That's why Security National, Kansas City, Kan., is offering its new correspondent service — micro management.

Security National's approach in designing the service was to make sure that all the micro-computer needs of a client bank are filled. To do that, it takes what it terms the "whole system" approach to configuring a specific micro system.

"We first determine what the bank would like to accomplish with its system," says Stephen B. Ashley, senior vice president and head of the correspondent department at Security National. "Then, from a list of 'micro products' that includes both hardware and software components, we select the components a client needs and actually build a system for the client bank right before the eyes of its managers."

Stress is placed on the problem-solving aspect of creating such a system. "We want the micro-computer system we configure to actually do something that will help our correspondent. We won't sell the bank a system that's going to sit and gather dust," Mr. Ashley says.

Client banks have several options to choose from when it comes to configuration of the hardware components of a micro system. A bank can choose either one of the "recommended" systems (systems configured to meet the needs of a broad cross section of bank users) or a system can be built component by component.

Security National has categorized all the software it offers to enable a client bank to zero in on the software it needs. All software for banks has been divided into one of three categories, Mr. Ashley says: accounting/operations, management support/decision aid and sales/customer service.

The accounting/operations category consists primarily of packages that comprise a bank's major transaction-based banking systems; i.e., general ledger, CD, commercial loan, etc. The second category — management support/decision aid — consists of systems that permit a bank to carry out planning or modeling functions. Category three — sales/customer service — includes programs that can help a bank sell a service or support a customer relationship.

Security National joined with Enterprise Management Systems (EMS), a software supplier that develops and markets micro-computer programs for the banking industry.

"By combining our banking expertise with the small-computer-system expertise of EMS, we have been able to develop micro-computer systems that can aid client banks in sound management," Mr. Ashley says.

All systems are supported by Security National and EMS, which means that Security National supports all physical components of the system it offers, which includes hardware/software maintenance, documentation development, program enhancements, etc.

According to Mr. Ashley, correspondents using the program can expect the following benefits:

- Program development. New ways to use micro-computers in a banking environment are sought out by Security National and EMS.
- Ongoing research. Security National and EMS monitor changes in information-processing technologies on a full-time basis and pass the information on to client banks.
- Training. Security National and EMS train as many people as the client bank needs to operate both the general-system usage and specific-system usage. General-system usage refers to operating the computer; specific-system usage refers to applying a bank's system to everyday banking needs.
- Users' group. All client banks are entitled to membership in a users' group that will serve as a general forum through which users can keep up with new applications for micro-computers that can result in increased efficiency.

"Good management requires a bank to project its financial statements into the future for a variety of rate assumptions. Not to do so is to rely on blind luck. Asset/liability management was developed to enable bankers to get a handle on good management techniques," Mr. Ashley says.

"But, what is being called asset-liability management isn't enough. The problem of financial control of a bank today requires more than aging maturities and calculating interest-sensitivity gaps. Thus the concept of micro management evolved.

"With the aid of micro-computers, we have developed a series of planning and historical-analysis models that interact to provide bank management with a timely, flexible and inexpensive system of financial control.

"In addition, we discovered that the micro-computer could be used to develop other functional applications that streamlined internal operations and provided new services for customers."

Mr. Ashley says the micro-management system enables management of client banks to spend more time on the analysis and evaluation process by eliminating virtually all the tedious computations associated with the compilation of various financial reports.

Benefits banks can derive from the system include standardized and consistent formatting of reports; detailed analysis of key ratios; graphical capabilities; statistical-trend-analysis interface; planning/forecasting model interface; and freedom from "mainframe" programmers.

Mr. Ashley says the system permits bank managers to devote more time to strategic decision making, which is a must in today's volatile banking environment.

One of Security National's client banks is Citizens State, El Dorado, Kan. The micro-management system was installed in October, 1982, at the $35-million institution, according to Ed Gard, vice president/cashier.

When Mr. Gard learned of the micro-management system, he visited Security National's headquarters to learn more about it. He had been interested in a micro-computer system for some time and had been looking at one marketed by a major computer firm that would permit Citizens State

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to operate its own in-house system.

But he favored a system developed by a bank, especially a bank that he knew as well as he knew Security National, which has had a correspondent relationship with Citizens State for many years.

The hardware for the system was secured locally and the dealer took care of training staff people at Citizens State to operate the Apple II Plus micro-computer. Security National's people handled the software.

"I don't want to sound like a commercial for the program," Mr. Gard says, "but I like it very much." He says his staff has yet to utilize the program's full potential, but initial applications are giving the bank better breakdowns on the cost of funds and return on assets. This is due to the capability of the program to provide daily breakdowns on the information needed to identify trends. Before micro management, breakdowns were available only on a monthly basis, which made it difficult for managers to stay abreast of the condition of the bank's asset/liability mix.

Mr. Gard is anticipating use of the graphics portion of the program in the near future. This capability will enable managers to play "what if" games to determine what would occur under a given set of circumstances fed into and analyzed by the program.

He says there were some operational bugs to work out when the program was installed, but the transition was much less painful than he expected it to be. "It took some intensive work at the outset," he says, "but the result was worth it." — **Jim Fabian, senior editor.** ● ●

Shared-ATM Network

(Continued from page 16)

but other data can be accommodated and passed on to the host).

- Key management to protect encryption.
- Constant network monitoring to maximize customer service.

Options include:

- Use of FASTRAC™ service mark and camera-ready marketing materials at an institution's discretion.
- Accommodation of VISA, MasterCard, AMEX, private-label cards, etc.
- Support of several vendors' ATMs.
- Piggybacking.
- ATM leases.

Conclusion. Flexibility in responding to present and future market challenges lies not in the number of ATMs your financial institution controls. Rather, successful responses depend on utilizing more effectively EFT resources now available and making sharing arrangements that assure future operational flexibility. Develop your EFT future with a facilitator, not a dominator. ● ●

Real-Estate Finance Meeting To View Deregulation's Impact

The impact of deregulation of banks' liability structure and expansion of bank real-estate lending authority resulting from the Garn-St Germain Act will be featured at the ABA's national conference on real-estate finance, set for May 1-4 at the Hyatt Regency, Embarcadero Center, San Francisco.

Program highlights will include a report on a major ABA market study on new opportunities in real-estate finance and panels giving regulators' views of deregulation, nonbank competitors in real estate finance and a perspective of bank management on the future of bank involvement in real-estate finance.

Special-interest sessions will explore alternative mortgage instruments, new strategies in income-property finance, effective use of the secondary market and construction-lending trends.

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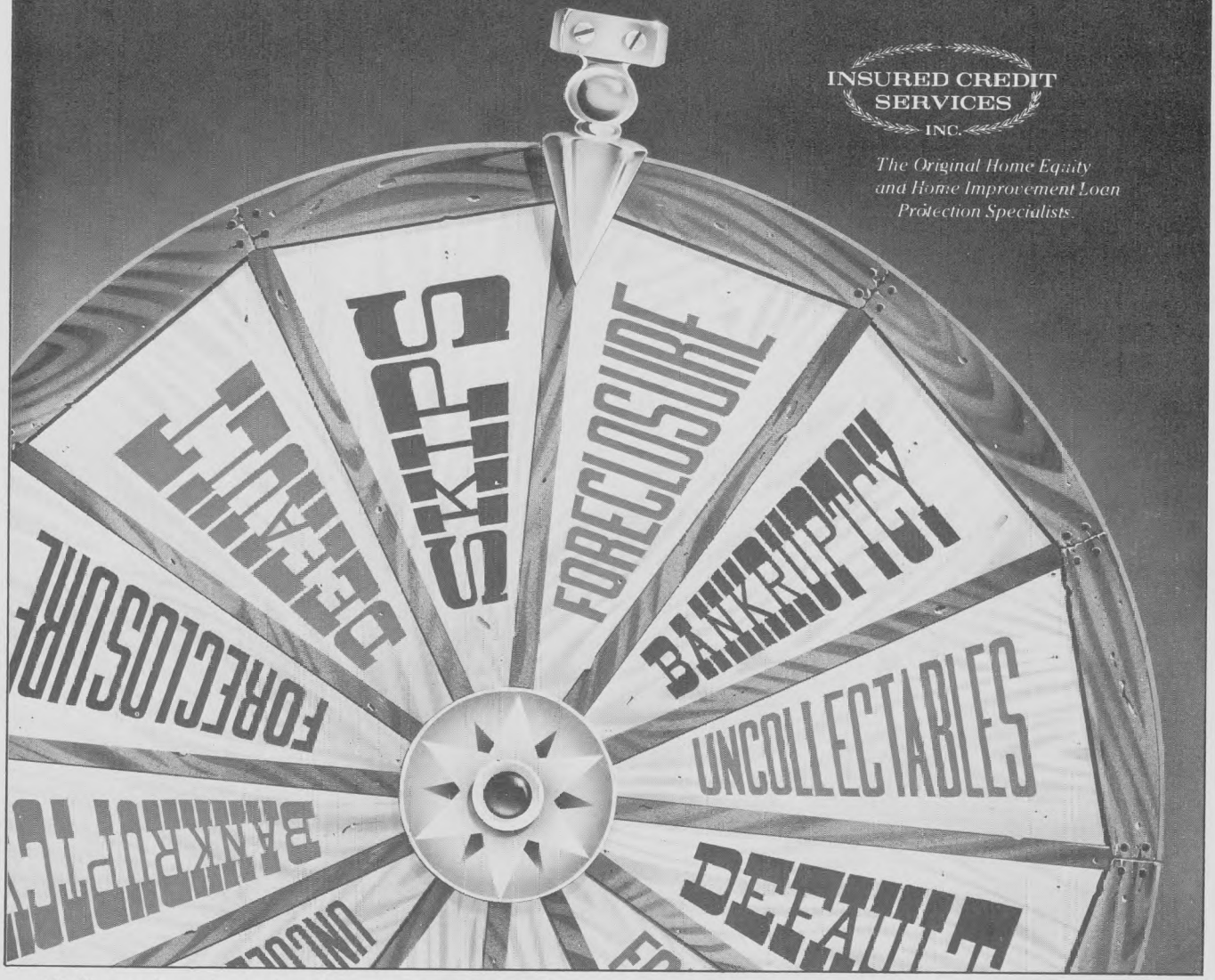

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Micro-Computers Share Spotlight At Missouri Bank Management Conference

MICRO-COMPUTERS were the star attractions at the bank management conference sponsored recently by the Missouri Bankers Association in St. Louis. An exhibit area was jammed with micro-computer dealers and a portion of the first day's program was devoted to the topic.

Many of the almost 500 bankers attending the conference seemed uncertain about entering the exhibit area because they weren't very knowledgeable about the products on display. That's why conference planners scheduled a session titled "Micro-computers in Banking" that featured Peter C. Brown, research/planning officer, Mercantile Bank, Kansas City, and Gary L. Robben, president, Gary Robben & Associates, Merriam, Kan.

When introducing Messrs. Brown and Robben, conference chairman Larry M. Burbank, president, Centerre Bank, Springfield, said the session was scheduled up front on the program so bankers could learn enough about micro-computers to be knowledgeable when they toured the exhibits.

Mr. Brown explained that micro-computers are gaining popularity among bankers because automation is synonymous with survival in today's technological society. He said technology no longer is beyond the reach of most banks because of the micro-computer. Cost-per-power of machines is coming down by an average of 28% a year. In contrast, he said, people costs are rising; therefore, micro-computers enable banks to maximize costs to a degree. He said it costs a bank about 43¢ per hour to "hire" a micro-computer.

Micro-computers are being used by bank management to enhance decision-making, Mr. Brown said. They are significant tools that are suited for stand-alone management applications. They are not clerical-only tools, he added, but are management-support tools.

Micro-computers are useful in helping banks sell services and to support customer relationships. Customer-service representatives at banks that have micro-computers can access information about every service the customer uses. Micro-computers can be used to project alternatives of various account possibilities. When so used, they have tremendous income-generating potential, he said.

Mr. Brown ticked off a laundry list of micro-computer applications and gave the following hints to bankers:

- Don't make a hobby out of micro-computers on company time; make them work for the bank.
- Identify some products that you endorse, making sure they are compatible. Then you'll know what to buy when the time comes to go with micro-computers.
- Negotiate bank-like contracts with computer dealers.
- Get an on-premise maintenance person.
- Encourage as many staff people as possible to use computers; it fosters creativeness in them.
- Establish a central clearinghouse of applications, so someone at the bank won't be "reinventing the wheel" because of ignorance of an existing application.
- Avoid time sharing by using micro-computers.
- Use micro-computers to re-evaluate task processes.
- Don't copy someone's software; buy it. Copying is illegal.

Darryl R. Francis (r.), former pres., St. Louis Fed, chats with Ben A. Parnell Jr., ch., Centerre Bank, Springfield, Mo., and former MBA pres.

Mr. Robben told the bankers that micro-computers enable bank management to stop using seat-of-the-pants calculations. They eliminate the need to spend a great amount of time pushing pencils to arrive at bids on funds. Bankers don't have time to push pencils all day, a fact that encourages them to make guesses when bidding. These guesses often fall short of the mark. Micro-computers enable banks to fine-tune their bids.

A panel on fixed-rate term financing concluded that such financing isn't

(Continued on page 52B)

Among principals at Missouri Bankers Association bank management conference in St. Louis recently were (from l.) Charls E. Walker, Washington, D. C.; Robert W. Crawford, MBA e.v.p.; Ethan A. H. Shepley, MBA pres., and v. ch., Boatmen's Nat'l, St. Louis; and Larry M. Burbank, ch., MBA bank-management committee, and pres., Centerre Bank, Springfield.

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How Banks Should Plan For Micros

By Claude G. Stone

THERE has been an explosive growth of micro-computers — one that barely has begun. By year-end 1982, sales for the year should have surpassed the *entire* base of micro-computers. As the cost of micro-computers and personal computers (PCs) decreases, growth will become geometric.

IBM's introduction of its PC has had a profound effect on the market. Once a respected company came out behind PCs, buyers decided PCs were here to stay, and other vendors needed to increase their market shares, too. Also with this increase in PCs, software vendors began developing software especially for micros or adapted software previously written for minis or mainframes, thus increasing options available for users.

"It's important to follow the same rules of product, strategic, tactical and systems planning for micro-computer development as it is with any other support tool."

This surge is being driven by the same economies of lower cost and greater function that have been prevalent over the past several years in the mini and mainframe markets. Much research and development are being focused on developing super-chips that will increase dramatically the capabilities and usefulness of micros. As micros become more powerful, people will be able to use them for more tasks in the workplace.

While this may seem like a *revolution*, it actually is more of an *evolution* in the history of office work, an evolution that started with introduction of the typewriter, telephone, telegraph and copying machine. Many banks and professional offices still function much as they did in preindustrial times, but micros can help us work more efficiently and allow faster communication of information.

What are the important issues surrounding micro-computers that bankers need to look at? The most important issues involve the following:

1. How do micro-computers fit into my overall business plan?
2. What are the potential benefits of micro-computers?
3. What are the potential pitfalls facing installation of micro-computers in banks, and how can they be avoided?
4. What micro-computer and software should I buy?

Planning for Micro-Computers. It's important to follow the same rules of product, strategic, tactical and systems planning for micro-computer development as it is with any other support tool. While micros are less expensive than other forms of computer support, their product still is information, and accurate, complete information can make or break a bank.

In addition, it's important not to be overly enamored of technology for technology's sake. Use business goals to direct your decisions.

Other banks clearly have found it is much more important to look at the application you want to automate rather than at the specific kind of micro-computer. Micros become extremely expensive if they do not fulfill requirements you have for them.

Some kinds of processes that can be automated within small banks using current micro-computer technology are:

a. Transaction processing.
b. Loan-application processing for commercial, installment, mortgage and personal loans.
c. Decision support with electronic spread sheets.
d. Word processing.
e. Teller scheduling.
f. Facilities depreciation, control and planning.

"When you buy hardware and software for the first time, purchase *only what you can pay out over the desired return-on-investment time schedule*. You always can purchase additional hardware. . . ."

g. Interest-rate calculation.
h. Payment scheduling and calculation.
i. Personal financial planning/budgeting services.
j. Bank-at-home services.
k. Access to public-information sources, such as the Dow Jones Index.
l. Safe-deposit-box management.
m. Inventory.
n. Personnel records/payroll.
o. Access to other larger computer systems.
p. Electronic mail.
q. Access to automatic-fund-transfer networks.
r. Credit checking.

Here is a "road map" to follow in determining whether you should invest in micro-computer software and hardware:

1. Analyze which banking processes within your organization would benefit from automation.
2. Survey your competition and determine how they currently are using automation techniques and capabili-

Claude G. Stone, vice president/systems and MIS department, First Nat'l, Chicago, gave the talk on which this article is based at his bank's 1982 correspondent bank conference.

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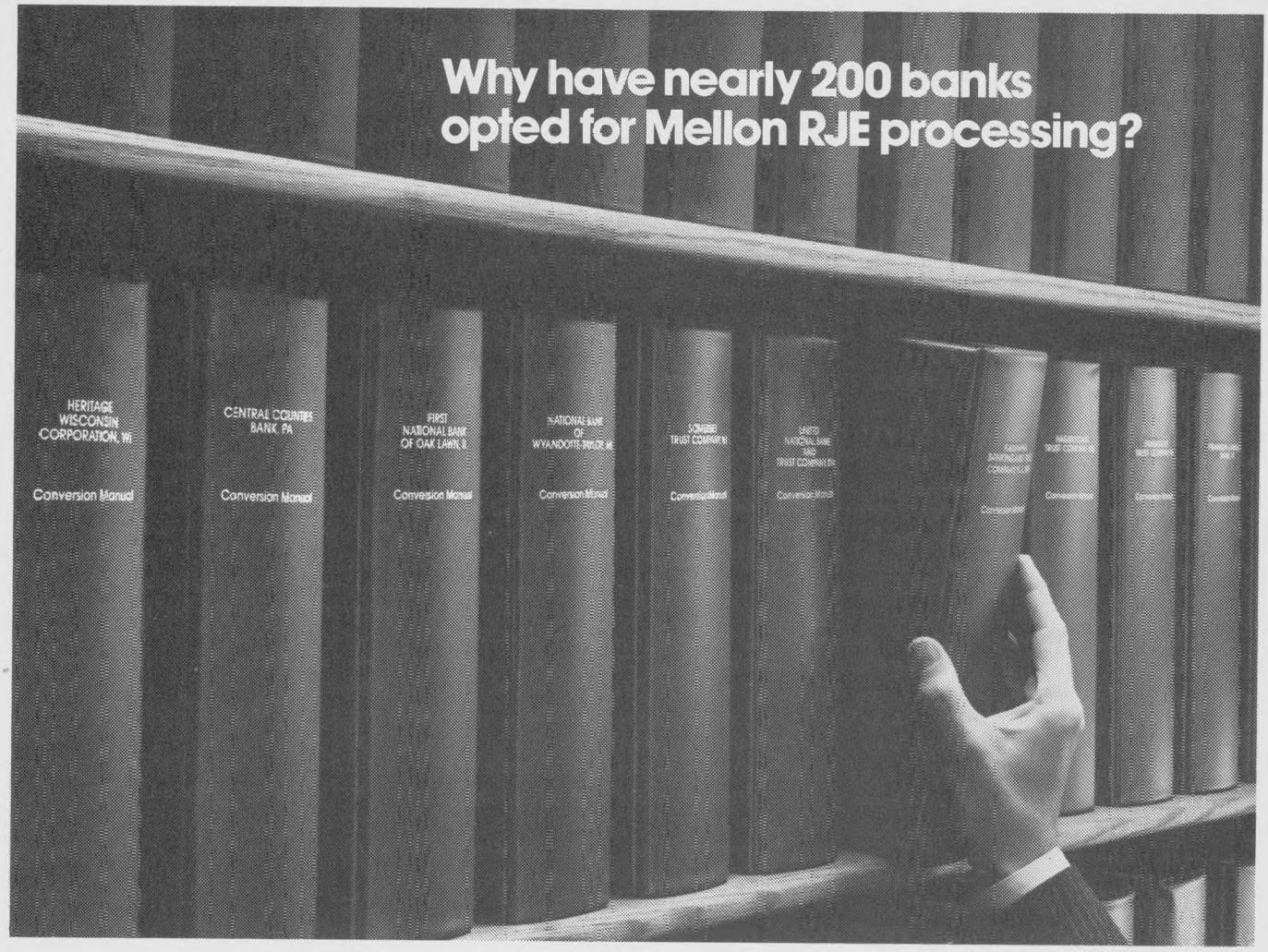

Cost-effectiveness.

Time after time, bank operations officers or their consultants recommend Mellon Remote Job Entry service after an analysis of in-house and contract data processing. Why? Because cost-effectiveness requires the optimum combination of capabilities and cost. By virtually eliminating paper and making vital operational data available instantaneously through teller and administrative terminals, Mellon RJE provides significant cost savings through increased productivity. It also makes your bank more competitive by providing the most extensive range of capabilities available from any vendor, including:

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- management report generation for marketing and administrative purposes—including analysis of markets and product lines, corporate customer profitability, and asset/liability management;
- capability of supporting both on-line and off-line automated teller machines in shared or proprietary networks;
- comprehensive training resources and an active user group.

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ties.

3. Determine what your bank would need to do to differentiate itself from its competition in terms of automation to meet your business goals.

4. Set your budget for automation.

5. Survey available software to determine which software best meets your needs for automation purposes.

6. Survey available hardware to determine which hardware best fits the software you have chosen for automation purposes.

7. Develop a detailed plan for training, converting and implementing hardware and software.

8. Purchase appropriate hardware and software.

9. Install hardware and software; train personnel, and begin conversion to automated processes.

10. Several months after complete conversion to the automated system, evaluate its usefulness and effectiveness. Determine what changes, if any, need to be made.

11. Institute changes if necessary, and repeat the process again in several months for duration of the project.

When determining whether to purchase a micro-computer, consider such things as product differentiation. 1. Can such a purchase enhance the quality of responsiveness of your operational and/or marketing support to hold on to or increase your bank's market share? 2. Can micro-computers allow you to offer new, creative products or services to your customers or allow you to attract new customers? 3. Can a micro-computer and its products be packaged creatively for product-differentiation purposes?

Micro-computer use can result in increased productivity, effectiveness and versatility. For instance:

1. Micros can be used by executives for decision support and long-range planning. Special micro-computer packages will continue to expand micros' usefulness in banking.

2. Micros can be used by professionals to support detailed credit analysis, budgeting, planning and development. Rapid growth of business graphics will continue to expand the potential for use of micros in these areas.

3. Micros can be used in retail banking to handle retail financial services — individual-retirement accounts, CDs, loans, bond-investment programs, safe-deposit records, stockholder records, trust applications, credit analysis — and a variety of other retail services. Ampersand, Inc., recently announced a family of 97 banking software programs designed for use on IBM's personal computer.

4. Micros can be used for communicating with other large banking data bases, information sources or electronic-mail facilities, with the goal of providing quick access to highly volatile information and reduction of courier/mail costs.

5. Micros can be used as a combination of text processor and data processor to support information-intensive products, such as letters of credit, and loan preparation.

6. Micros can be used as an entry point for TELEX and wire transfer of funds in a rapidly growing international telecommunications network.

7. Micros can be used in commercial-customer programs to allow customers to use a bank's micro-computers on a "do-it-yourself service-bureau" basis to analyze their cash flows and capital structures and to help them evaluate acquisitions and new-business ventures.

8. As video-text and tele-text grow, personal computers can be used to provide customers with bank-at-home services.

9. Micros can be used for training programs and professional programs for employees.

Pitfalls. There's another side to micros, too — potential pitfalls. Here are a few:

1. Look at the *pay-back period* for software and hardware. Most micro hardware and software can be written off in three to five years, depending on investment-tax schedules applicable to your bank.

2. *Buyer beware* — not all software is equally good. Be sure you have a chance to test the software before you purchase it.

3. *Determine the significance of your investment in the software* to determine if it is worth your while to modify it. You can look at micro hardware and software much as you would a note pad — *you use it up and then you can throw it away after it has served your purpose*.

4. If you plan to automate processes that depend on highly volatile information, be sure the software is *flexible* enough to handle it.

5. *Don't plan to use current micros for volume transactions*. They currently aren't able to handle them. Time-sharing services or minis usually are more effective than micros.

6. Watch out for *creeping expenses* once micros are installed. Once they are in, they become like the first copying machines you installed in your bank. Everybody wants to use them and can come up with a dozen more processes that could benefit from automation on them.

7. *Decide early if you want to standardize micros within your bank or let them proliferate uncontrolled*. Many banks have had problems with "hundred-flowers" approach and recommend at least requiring that all micros purchased be able to communicate with one another within the bank.

Which to buy? In deciding whether to go into micro-computers, the most important question is not, "Which micro should I buy?," but rather, "What do I want to do with a micro?" By answering that question first, you narrow your field of choices considerably, and you will be able to make a more effective purchase decision.

Look for *upward migratability or upgradability in your software and hardware*. Once micros are inside the bank, your uses will grow, and it will be important to be able to expand and enlarge your equipment base effectively.

When you buy hardware and software for the first time, purchase *only what you can pay out over the desired return-on-investment time schedule*. You always can purchase additional hardware (especially if you made sure you could expand your system when you bought it), and the cost for hardware and software is going down all the time.

Summing up. Micro-computers have demonstrated a usefulness in banking, and, as more software is developed specifically for banking purposes, their usefulness in banking will increase. ● ●

Micro Videotape

A videotape now offered by Bank Administration Institute analyzes and discusses micro-computer applications for financial institutions.

Topics covered include evaluation of hardware and off-the-shelf software, sale of customer services through micro-computer usage, micro-mainframe interface techniques and future trends in banking.

Supplementing the two-hour tape is a 200-page notebook that includes a description of a total bank micro-system and a guideline on setting up a distributed processing system with micros.

The tape is available in VHS, Beta and three-quarter-inch formats. Cost, including the notebook, is $300 to BAI members and FISI Video Network subscribers and $450 to others. Send orders to: J. H. Perkins, Bank Administration Institute, 60 Gould Center, Rolling Meadows, IL 60008.

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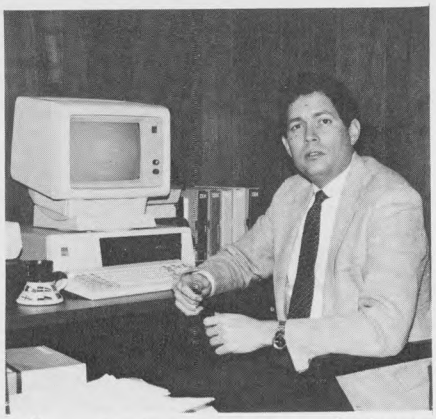
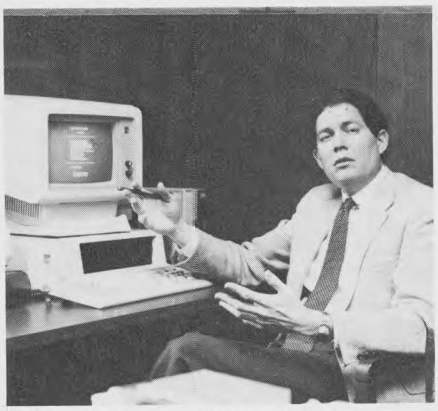
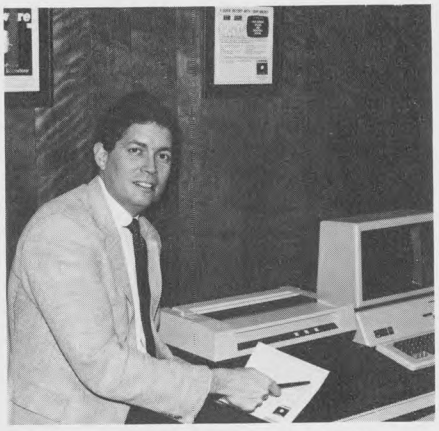
Profit, Productivity Can Be Boosted With Micro-Computers



". . . A micro-computer — also known as a desk-top or personal computer (PC) — is any computer that uses micro-computer technology, namely, a micro-processor or silicon chip about the size of a dime on which electronic circuits are assembled." — *Wayne K. Nystrom, pres./co-founder, Infoware, Inc., Nashville.*



"Essentially, a micro-computer . . . is aimed at individual use. It can perform only one task at a time . . . Micros perform an array of accounting functions, but they don't have the capacity to crunch numbers and store large amounts of data like large computers." — *Wayne K. Nystrom.*



"Here at Infoware, we recently conducted a survey and discovered that 73% of the banking industry currently are using micros, and 77% of the nonusers are planning to begin using them this year. Also, we found that banks of all sizes use micros." — *Wayne K. Nystrom.*

EDITOR'S NOTE: Micro-computers are among the hottest subjects in today's banking circles. In the present chaotic financial marketplace, bank executives are discovering micro-computers as a key to retaining their competitive edge. As a result, a kind of technological revolution has seized the banking industry, rapidly, dramatically and permanently changing the way in which institutions conduct their day-to-day business, market their products and serve customers.

To gain an up-to-date perspective on the effects of micro-computers in banking, MID-CONTINENT BANKER *editors talked with Wayne K. Nystrom, president/co-founder, Infoware, Inc., a Nashville-based firm specializing in marketing, distributing and servicing micro-computer software for the financial industry. Mr. Nystrom is an author, lecturer and expert in helping financial institutions harness the power of new technology, especially micro-computers.*

Q. Mr. Nystrom, let's start with a basic question. What precisely is a micro-computer?

A. In the strictest sense, a micro-computer — also known as a desk-top or personal computer (PC) — is any computer that uses micro-computer technology, namely, a micro-processor or silicon chip about the size of a dime on which electronic circuits are assembled. A typical micro-computer system used by a bank consists of the computer itself, a keyboard and video-display screen, disk storage and a printer. Manufacturers include IBM, Apple, Tandy, Commodore, Texas Instruments, among others.

Q. What makes a micro-computer different from what we call a large "mainframe" computer?

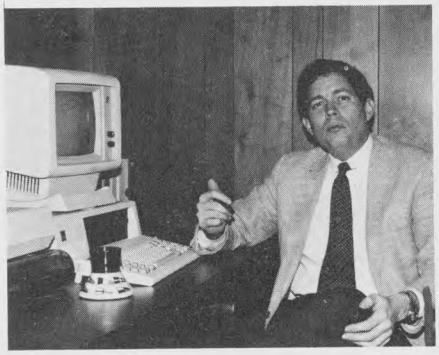
A. Essentially, a micro-computer, unlike a mainframe, is aimed at individual use. It can perform only one task at a time. A mainframe, on the other hand, is used to meet a bank's needs on a company-wide basis. Micros perform an array of accounting functions, but they don't have the capacity to crunch numbers and store large amounts of data like large computers. But the point is micros are *not* intended to *replace* the mainframe, but to serve as an additional and immediately responsive, technological tool for specialized applications.

Q. How about the reliability of micro-computers? Can a banker expect the same kind of problems with a micro as with a mainframe?

A. No. First, problems with mainframes generally are exaggerated because functions it performs are vital, time-dependent processing, such as billing, accounting, order processing. When something goes wrong, the problem receives high visibility and demands instant resolution. If hardware fails on a micro, you can get an instant backup machine — either from another department or the computer shop down the street. Besides, micro systems today are extremely reliable, particularly with IBM and other big-name companies in the business.

Q. What are the advantages of micro-computers over mainframes?

A. Obviously, the cost. Timex/Sinclair has a system available for $100. And last month, Apple announced LISA for around $10,000. Typically, a good micro-computer system sells



"Deciding to sit on the sidelines could be fatal. Micros are here to stay. The first to harness the power will be the winners. Banks that learn to improve productivity and profit first through micros will be the survivors." — *Wayne K. Nystrom.*

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complete for around $5,000 or less including some software. Plus, a micro is small, fits nicely on a desk top and can be plugged into any wall socket and be operable *instantly*. A micro can serve as a time-sharing terminal or as a means of gaining access to large data bases. Also, a micro-computer is user friendly.

Q. What is meant by user friendly?

A. This simply means the user of a micro-computer can operate it without knowing technically how it works. Furthermore, the micro itself teaches the user how to operate the machine. It's estimated that with just a few hours of self instruction, anyone can learn to use a micro. Contrast this with the operation of a mainframe computer that requires highly skilled data-processing professionals.

Q. Naturally, this has contributed to the growth and acceptance of micro-computers in the workplace?

A. Most certainly. That's what this so-called "technological revolution" is all about. To operate a micro-computer with great skill does not require you to become a technical wizard. As we've said, *anyone* can operate a micro with just a little instruction. However, like learning to read, as in language literacy, you have to learn some basics to become computer literate.

Q. In 1982, approximately 2.8 million micro-computers were sold worldwide. In your opinion, why have micro-computers proliferated so quickly?

A. I believe the more developed countries — the United States, Western Europe, Japan and others — must develop high-technology economies to survive. Labor costs are high; welfare costs are high. We have no choice but to become more productive fast!

Q. All right, how widespread are micros in banking?

A. Here at Infoware, we recently conducted a survey and discovered that 73% of the banking industry currently are using micros, and 77% of the nonusers are planning to begin using them this year. Also, we found that banks of all sizes use micros.

Q. Let's get specific. How are micro-computers being used in banking?

A. There literally are hundreds of ways banks are using micros. The micro-computer is an excellent analytical tool to aid in the decision-making process. In the Infoware survey, we discovered the most widespread use was asset/liability management (72%), followed by general-purpose VisiCalc applications such as simple-yield analysis, gap analysis to staff projections and new-product pricing (67%); budgeting (56%); financial-statement analysis (48%), producing board reports (45%) and safe-deposit accounting (39%).

Micros also perform modeling for investment research, interest-rate forecasting, economic modeling and tax projections. Word processing is a big function, as are teaching and training of employees. But perhaps the most exciting applications — and the ones with the most important implications for a bank's survivability — are in *marketing*.

Q. Tell us about it.

A. Just as micros are the key to increased productivity in banking, they also are a means of increasing profits. Take direct selling for example. Today there is a plethora of alternatives open to a prospective customer who goes into a bank asking about services available. Is it reasonable to assume a bank representative can answer a prospect's questions adequately or make informed recommendations about *all* these services? However, using a properly programmed micro-computer, an employee can gather information from the prospect, feed it into the micro and instantly obtain answers and give sound financial advice. Interestingly, Infoware last month introduced a new software package for this purpose. Called RB3™ Relationship Banking System, the software will dramatically improve a bank's ability to attract, maintain and enhance its relationship with customers.

Q. How about marketing applications other than direct selling?

A. Micros also are being used to store names and addresses of prospects and customers for direct-mail or telephone follow-up. Marketing analysis also is a key function micros do well. For example, you can record and analyze new accounts, accounts that have closed or results of various customer-profile and service surveys. Banks can spot trends in their customer base and respond quickly.

Q. Typically, who uses the micro-computer in a bank?

A. Just about everyone from the CEO on down to the customer-service representative! Last fall at the ABA convention, a large number of bank presidents who already were using micros stopped by our exhibit booth. Many were just getting their feet wet, gaining some basic understanding of the use and power of the micro. And

Survey Results Show High Interest In Micro-Computers by Bankers

SEVENTY-THREE percent of banks in the U. S. currently use micro-computers, according to results of a research study made by Infoware, a micro-software supplier to the banking industry, headquartered in Nashville. (An interview on micro-computers with the firm's president/co-founder, Wayne K. Nystrom, begins on page 48.)

The study, whose results were released last month, included these findings:

- Of banks surveyed, 73% currently use micro-computers, and 84% of these users plan to expand their use of micros in the next 12 months.
- Of the 27% that currently don't use micros, 77% have plans to begin using them in the next 12 months.
- Apple computers are used currently by 60% of banks surveyed; 30% use the IBM personal computer (PC), and 14% use a Radio Shack TRS-80 model computer. The survey shows that these micro-computers were by far the most popular brand of micro-computers used today by banks. Also, 18% of the banks use more than one brand of micro-computer.
- Most popular types of micro-computer applications were:

Application	% that currently use or plan to use with micro
Asset/liability	72%
VisiCalc (general use)	67%
Budgeting	56%
Spread-sheet analysis	48%
Board report	45%
Safe deposit	41%
Interest-rate analysis	39%
Cash Flow	37%
Fixed-asset accounting	36%

"These survey findings confirm what has become increasingly apparent to many of us in the industry," says Mr. Nystrom. "Bankers' acceptance and use of micro-computers already are quite high, and interest in micros is broad and continuing to grow at extraordinary rates. Our survey findings merely quantify bankers' receptivity to use of micro-computers that already has been evidenced at banking conventions, micro seminars and at computer stores all across America." ● ●

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they were really excited. We also see a lot of micros in the comptroller's office, in accounting departments, planning departments and even on senior managers' desks throughout a bank. They're multiplying rapidly in the workplace.

Q. Are micro-computers really cost justified?

A. Definitely. As I said, the cost of employees is rising constantly, and improved productivity is essential for improved profits. I read recently that if a typical middle manager saved less than 30 minutes a day, the micro's cost was justified on this time savings alone! And this doesn't take into account the capability to be more accurate and thorough in evaluating alternatives and problem solving.

Q. So tell us — do *you* use a micro-computer on a day-to-day basis in your office?

A. Yes. I use one for everything from developing financial forecasts for our investors to payroll planning, product pricing and evaluating trends in our direct-mail-marketing program. I even use a micro for my personal budget and working with the finance committee of the condominium association where I live to review our operating budget. So, I'm hooked like every other micro user I've met. And for an investment of under $5,000, there's no question it's cost justified to become computer literate in a society that's becoming increasingly technologically oriented.

Q. Be honest. Can't a bank's mainframe computer or service processor do the same things that can be handled by a micro?

A. Technically, yes. But you have to ask whether it's cost effective. Does it make sense to tie up a computer that costs hundreds of thousands of dollars to accomplish what a micro can do? You wouldn't hire a Greyhound bus to take your family to the beach; you'd go in your car. Also, because there literally are hundreds of micro-computer software programs already developed to take care of many banking needs, its ridiculous to absorb a bank's programming staff for weeks or even months to evaluate an application, develop the systems design, program and test the computer and write the documentation. It's just so much easier, quicker and less costly for applications not requiring horsepower to use the micro.

Q. So how do micros fit into a bank's overall data-processing picture?

A. Micros help, not threaten data-processing managers because they take the load off for those special, independent applications that are hard to justify. Already, some banks are tying micros into their mainframes to access vital internal information. But that's the exception. Most micros, at least for now, will be used entirely independent of the central data processing department and DP managers should not oppose the decision to use micros. After all, data processing doesn't use a pencil, paper and calculator to tell a department manager how to prepare his or her budget. Why be concerned if that manager now uses VisiCalc on a micro to perform the same budget analyses — more effectively and efficiently?

Q. You mentioned software. Just how important is it?

A. It's the difference between success and failure with a micro. The computer is just useless iron without proper instructions. Think of the micro as a record player and the software as your record album. You decide whether to listen to jazz, rock, country, punk whatever. Similarly, with software you easily slip in a diskette with instructions for asset/liability management, or switch to payroll projections or statistics on new-product promotion.

Q. Your company provides software for many of the country's leading banks. How should a bank go about getting into micro-computers?

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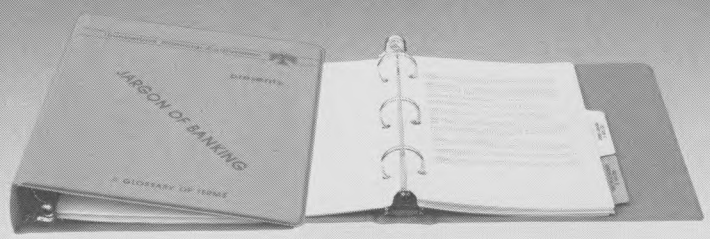

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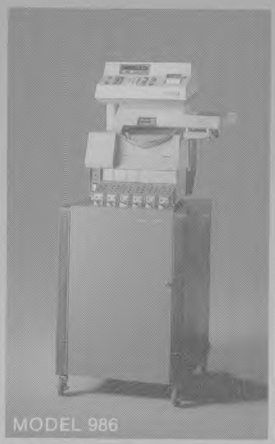
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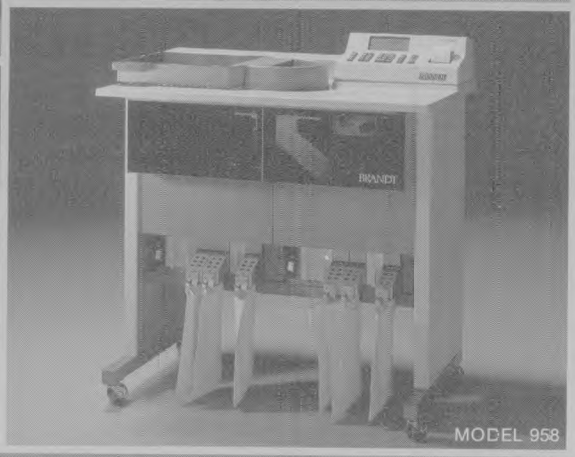

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A. Richard Trippeer, president of Union Planters National in Memphis, provided excellent guidance at the recent MicroScope conference when he explained how his bank encourages *every* department to identify applications for the micro and to get started now. No committee studies, no hassle, just management's blessing for them to harness the new technology to improve productivity and profits.

Q. You seem to be emphasizing the importance of moving quickly.

A. By all means. My advice to every CEO is to get your bank started in micro-computers *now*, at least on a limited basis. Let your employees get hands-on experience and start becoming micro-computer literate. The cost is so low and benefits so great in terms of productivity and profits.

Q. Wouldn't it be better to hold back and see what new and better technology develops?

A. Deciding to sit on the sidelines could be fatal. Micros are here to stay. Those who are the first to harness the power will be the winners. Banks that learn to improve productivity and profit first through micros will be the survivors. Those who wait will find their competitors have surpassed them on every competitive front — through customer service, productivity, management decision making and marketing.

Q. In your opinion, what does the future hold in terms of micro-computer use in banking?

A. Micros will continue to enjoy widespread acceptance on all fronts. In fact, some banks already are tying in their micro-computers with customer home computers for improved service. Micros also will help banks reduce personnel simply by programming micros to interact with customers and prospects. And micros will be tied to video and sound to open up exciting selling possibilities at the bank, in the home or remote locations, such as offices, shopping malls and other high-traffic areas.

Q. What about obsolescence?

A. The Apple II already has been around for seven years and has just been upgraded to the Apple II E. Hardware improvement should stabilize. The growth area is in software. Besides, even if the machines change dramatically, the initial investment is low relative to immediate and long-range benefits.

Q. Do you believe the price of micro-computers will come down?

A. Yes, hardware prices will decline to a degree. Or put another way, you'll get more computer power for your dollar. However, I don't see prices declining on software. It's still labor intensive.

Q. What's your advice to the banker contemplating a micro-computer investment?

A. Again, I emphasize, don't wait. Your competition certainly isn't. Get involved *personally* on some level and witness for yourself how easy it is to learn to operate a micro and what it really can do for you in terms of productivity and profit. ● ●

School Dates Set

The Bankers School for Supervisory Training, sponsored by the Louisiana Bankers Association, will hold two identical sessions this year: May 15-20 and June 5-10, both on the campus of the University of Southwestern Louisiana in Lafayette.

The 10-year-old school previously was known as the Louisiana Banking School for Supervisory Training. Its name was changed to reflect the wide participation of bankers from a broad geographical area, says William F. Staats, program director.

In each of the prior sessions, according to Mr. Staats, bankers attended from about a dozen states. More than 2,000 bankers have attended the school. Capacity for the 1983 sessions has been increased because the number of bankers registering has exceeded space formerly available.

For information on the school, contact: Hudson Akin, Louisiana Bankers Association, P. O. Box 2871, Baton Rouge, LA 70821.

New Banking Terminal Seen As Alternative to ATMs

What is termed a major cost/performance breakthrough in consumer-operated banking terminals has been introduced by Datatrol, Inc., a subsidiary of Applied Devices Corp., Hudson, Mass. The firm's FT-3264 Consumer-Operated Banking Terminal is described by the manufacturer as a cost-effective ATM alternative.

The terminal permits customers to access balance information, cash checks, approve withdrawals, make deposits and transfer funds between accounts. It is said to reduce lobby congestion and improve teller productivity by authorizing routine transactions. It can provide banking transactions at retail locations.

The microprocessor-based terminal features a keyboard, alphanumeric display, magnetic stripe card reader, receipt printer (with optional audit journal), depository interface and self-contained diagnostics. It operates on-line to a central computer using standard IBM, Burroughs and MCR communications procedures.

Consumers are guided through transactions by instructions provided on the alphanumeric display. Consumer prompting can be designed to match ATM prompting formats currently in use by the institution.

The units are priced below $5,000, according to the manufacturer.

Harris Bank Subsidiary Seeks Futures Status

CHICAGO — Harris Bank's subsidiary, Harris Futures Corp., has applied to the Commodity Futures Trading Commission (CFTC) for registration as a futures-commission merchant.

The new bank subsidiary will offer its customers and others financial-futures services, including execution and clearing of financial futures contracts on major commodity exchanges.

The move was described as "a natural outgrowth of our expanding participation in the futures markets" by Dennis E. LeJeune, executive vice president, investment department.

Multiple-Interest Deposit System Introduced by Computrol

A system that permits banks to offer an adjustable/flexible deposit-instrument mix is being offered by Computrol, Inc., St. Louis.

The IRAK multiple-instrument deposit system is said to eliminate the burden on bank operations and data processing of accommodating new instuments with varying interest rates, maturity dates and terms. It enables instrument variations to be handled by bank user personnel with little or no data processing assistance.

Depositors set their own disbursement plans and change, add or suspend instuments at will. Once an account relationship has been established, new deposits can be made to an instrument or new instruments purchased through the teller, eliminating waiting in line for new-account representatives to make deposits.

Users can utilize and benefit from the system, having total control over customer data and reporting formats. Data fields can be changed, added or deleted from files without programming or involvement from data processing because the system has a data dictionary system. File definitions are maintained within the dictionary instead of within each individual program, which eliminates program maintenance related to file changes.

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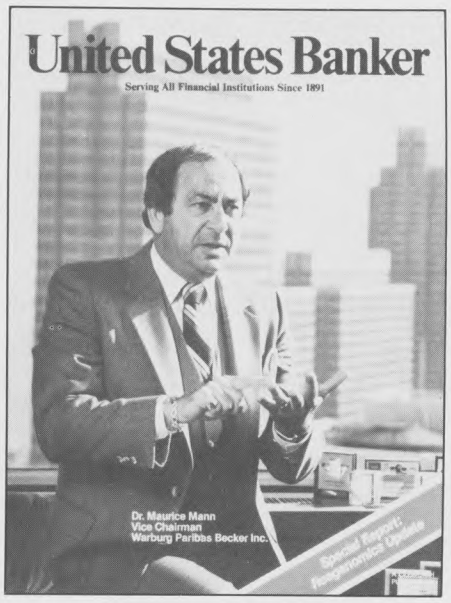

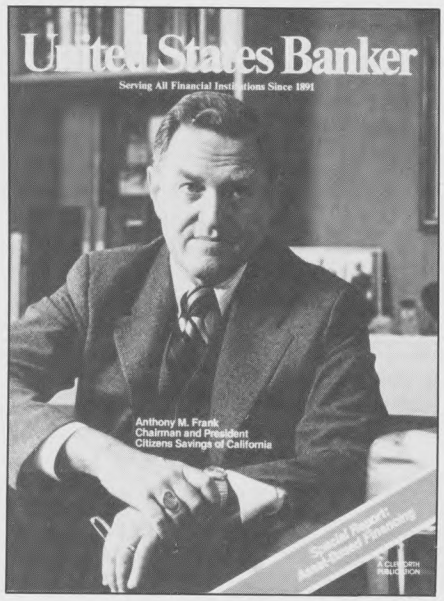

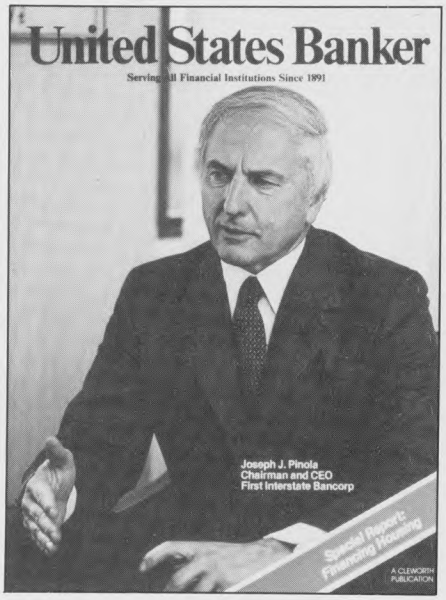

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Micro-Computers

(Continued from page 42)

appropriate for commercial banks. They must turn to other sources, such as insurance firms, pension funds, etc., for this type of financing.

Michael T. Higgins, president, Overland National, Grand Island, Neb., told bankers about future banking products and how to make the most of them.

He stressed that bankers must assume new marketing attitudes because banks find themselves in a buyers' market. This forces them to switch from product orientation to customer orientation, a change as dramatic as going from horses to jet planes.

Banks must be restructured to deliver new products to customers, he said, and these new products must be tailored to meet customer needs.

How to determine the new products/services? Listen to customers, he said, focus on their needs, not the bank's needs. Customers feel they deserve better products/services and they are demanding them. They have the option of going to nonbank institutions if they become dissatisfied with banks.

If banks don't find a way to offer fixed-rate loans, Mr. Higgins said, Sears will. The customer has all the votes in the buyers' market — something that has never happened before to banks.

Bank customers want all-in-one monthly statements, he said. This is the number one need of high-balance clients. They also want equitable pricing, personal-banker service, insurance and one-stop financial services. They want discount-brokerage services. They prefer to deal with banks rather than thrifts and investment houses.

Mr. Higgins gave bankers a list of services banks should consider offering:

- Financial planning.
- Investment counsel, including securities, real estate, precious metals, etc.
- Insurance, including personal and family, accident and health, liability, etc.
- Real estate sales and purchases.
- Transaction instruments, including EFT and wire services.
- Resource acquisition, including loans, hedging, bankers acceptances, etc.
- Resource placement, including bill payment, discount brokerage, money-market funds, etc.
- Estate planning.

He said 70% of the above services generate fee income, while others generate commissions and others pay off through spread.

He said his bank was the first in its HC to offer a discount brokerage service. From 30%-80% discounts are offered; the higher the volume of trade, the higher the discount. The local broker has begun offering discounts to the bank's customers, but not to others. Fifty percent of the bank's discount brokerage accounts are new to the bank. The service is good for the customer, he said, and it has excellent cross-sell opportunities, brings in fee income and leads to good financial relationships.

The bank solicited high-balance customers and invited them to a cocktail party by formal invitation. All the invitation said was that the bank was going to make an announcement. Almost everyone invited appeared, which was about 300 people. The bank hoped to get 30 active clients in the first year, but got 67 instead. And the volume is almost 50% higher than expected. An interesting point: almost 50% of the bank's discount-brokerage customers were *not* on the high-balance-customer list!

Participating in investment panel at conference were (from l.) Frank K. Spinner, moderator, and ch., County Bank of Tower Grove, St. Louis; Hal R. Hollister, e.v.p., United Missouri, Kansas City; John W. Rowe, s.v.p., Centerre Bank, St. Louis; and Darryl R. Francis, ch., Merchants Nat'l, Fort Smith, Ark.

Speaking on the state of the economy was Darryl R. Francis, former president, St. Louis Fed, and now chairman, Merchants National, Fort Smith, Ark.

Mr. Francis said there's plenty of evidence that the recession has bottomed out. He predicted a gradual return to higher levels of economic activity. Consumers could slow recovery if they continue to save instead of spend. They are cautious because of high unemployment — they want a nest egg of savings in case they find themselves on the unemployment rolls.

Although the inflation rate has declined dramatically, he said, the battle has not been permanently won. He predicted a rekindling of inflation by as early as mid-year; it must begin soon because of the stimulators the Fed has put in place.

He predicted the federal deficit will be much more than $180 billion this year, and added that a competition for funds will develop between business and government before the end of 1983. He doesn't expect the prime to go much lower; pressures for credit by mid-year could cause interest rates to rise. He predicted an "easy" Fed policy for the time being. As times get better, interest rates and the inflation rate will rise.

Closing event on the program was the traditional investment panel, moderated by Frank K. Spinner, chairman, County Bank of Tower Grove, St. Louis. Panelists included Hal R. Hollister, executive vice president, United Missouri, Kansas City, John W. Rowe, senior vice president, Centerre Bank, St. Louis, and Mr. Francis.

The accompanying chart shows how panelists see the state of the economy in February, 1984. The majority of indicators will be up if, panelists are correct. — **Jim Fabian, senior editor.** ● ●

Investment Panel Predictions for February, 1984

	Hollister	Rowe	Spinner
Fed Funds	10¼	7¾	10¼
Prime Rate	13	9¾	13
1-Yr. T-Bills	11	8¼	11
7-Yr. Govts.	12¾	9½	12
10-Yr. Munis	9	7	8½
Rediscount Rate	10½	8	10
Gold	$675	$450	$600
Dow-Jones	1090	1250	985

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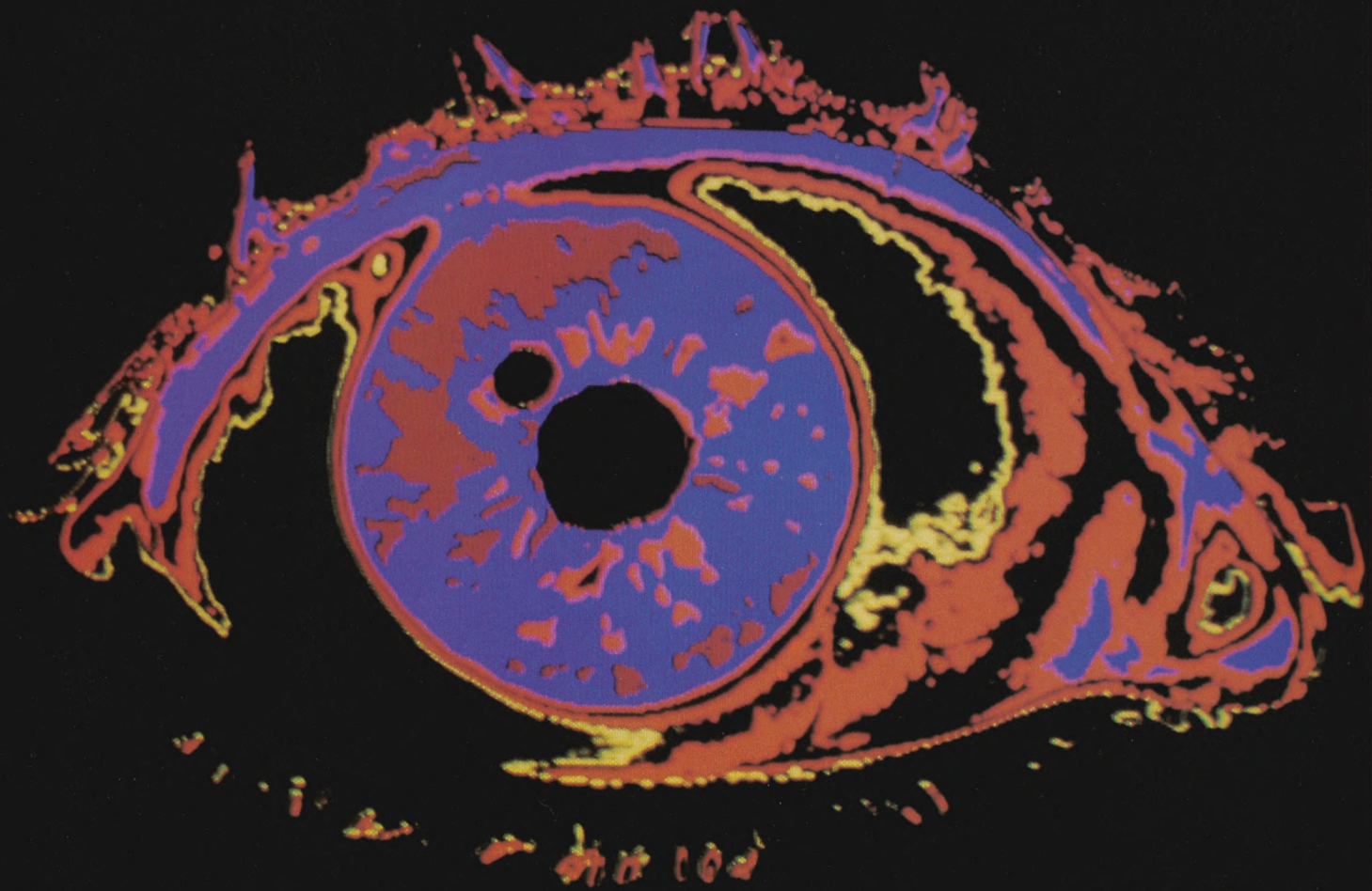

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Money-Center Services Offered by Community Bank With Outside Expertise

OAK BROOK BANK, with an asset base of about $115 million, is a medium-sized bank that has successfully launched a unique marketing strategy in which it offers products usually available only through large money-center banks.

Located in Chicago's western suburbs, Oak Brook lies in the midst of corporate and regional headquarters of many Fortune 1000 and other public companies. Because of its prime location, its management decided to forsake the traditional retail orientation of other suburban banks in favor of emphasizing commercial needs of the Chicago corporate community. The strategy appears to be paying off. In the six years since this strategic plan was formulated, Oak Brook Bank has more than doubled its asset base and, more significantly, tripled its demand deposits. Its customers include some of the biggest names in business and industry.

According to Richard M. Rieser Jr., vice chairman, "We started calling on big corporations. But when you offer them less than a $50-million line of credit, they really don't have a lot of interest in your credit services. They said to us, "We'd like to do business with you. Do you offer cash-management services?' "

Mr. Rieser says, "Initially, we weren't sure what they needed, but we learned quickly."

Today Oak Brook Bank has a corporate banking department that offers payroll processing; automated check and draft reconciliation; cashiering; manual and automated lockboxes; concentration, zero-balance and controlled-disbursing accounts — the same cash-management services offered by money-center banks.

To meet its clients' needs, Oak Brook's management has made the capital investments necessary to handle on premises many functions traditionally delegated to an outside data center. For example, Oak Brook Bank has its own computers to produce the kinds of instantaneous data needed to operate zero-balance, concentration and draft activity; to process checks, produce cash letters and speed checks through Oak Brook's direct-send and correspondent network. Simultaneously, these computers electronically transmit information to First Chicago Data Corp. (FCDC), the bank's outside data center in downtown Chicago, where the bank's master files are stored. There, the bank's files are automatically updated, accounts posted and information about balances, overdrafts, etc., is transmitted electronically back to the Oak Brook office.

This computer hookup between Oak Brook and FCDC, while by no means a unique experiment, seems to reflect the beginnings of a trend for the more sophisticated medium-sized banks. Mr. Rieser says, "Oak Brook Bank is focusing on the human side. Our chief selling points over our giant competitors are the quality, dependability, price and flexibility of our services. We employ a high-quality work force, who handle volumes manageable during normal business hours. We assign the same officers to a relationship year after year. We offer price reductions by operating in a lower overhead environment. We routinely modify our systems to meet the needs of major customers. Naturally, we cannot be spending our time modifying an existing cash-management system for a particular company if we also are keeping up with data-processing requirements for the new money-market accounts or interest withholding. We would rather rely on outside help for general information management."

Hence, Oak Brook Bank's special partnership with First Chicago Data Corp., a broad-based information processor for financial institutions. FCDC is an item and data processor for more than 100 Midwest financial institutions. Because its hardware and software are shared by many, it has the enormous base that makes responsiveness possible and profitable. Oak Brook Bank's "boutique approach" teams up nicely with FCDC's mass-merchandising formula.

FCDC does even more. Some systems development works best with FCDC's master files, which have multi-bank application potential. So, when Oak Brook Bank wanted to develop a computerized profitability statement permitting the bank to track account and service activity so it can assess fees or require compensating balances commensurate with the customer's use, it sought out FCDC. Oak Brook's specs became the basis for the new account-analysis system now available to FCDC's 100-plus bank customers.

> With regulations being eased and the financial-services industry becoming increasingly competitive, more and more small and mid-sized banks will turn to information-management experts to help them compete for attractive retail business.

Oak Brook Bank also wanted to streamline its retail operations so it could devote more of its staff to its commercial base. With FCDC's help, the bank has automated its lobby operation. New computerized teller terminals were installed to replace their "glorified adding machines and blotters." The terminals have on-line alphabetical and numerical access to the bank's customer data base, which is updated and stored in FCDC's central computers.

"The new terminals afford us greater security because they check all account balances. In the past, tellers checked only in instances where customers were making large withdrawals," Mr. Rieser says.

Despite its current emphasis on commercial business, Oak Brook Bank is looking at one particularly attractive

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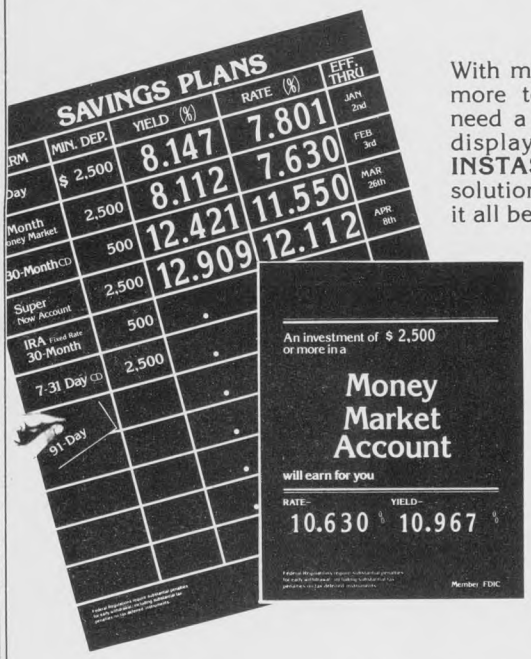

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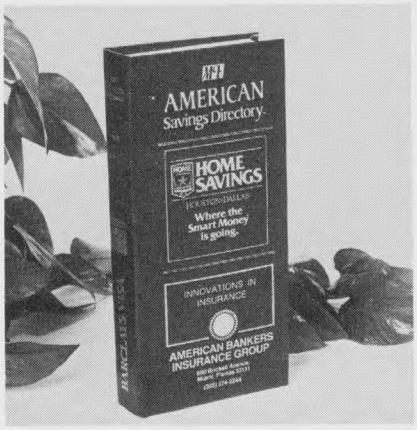
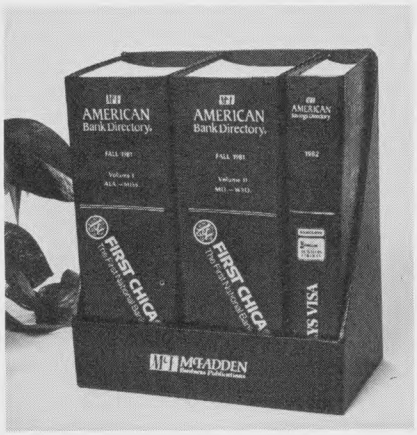
segment of the retail market as an area for future expansion. "Providing professional and executive banking services seems like a natural adjunct to what we're already doing," Mr. Rieser says.

Oak Brook Bank has targeted a tough market segment in one of the most competitive banking states in the country. Fortunately, it has an ally in its effort. First Chicago Data Corp., with its retail expertise, gives Oak Brook Bank all the capabilities of a much larger institution, but without the cost of maintaining its own retail data base. With regulations being eased and the financial-services industry becoming increasingly competitive, more and more small and mid-sized banks will turn to information-management experts to help them complete for attractive retail business.





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Low Cost, Movability In Turnkey-ATM Units, Says Manufacturer

A turnkey-ATM program is available from Federal Sign, Burr Ridge, Ill., to meet increasing demand by financial institutions for ATM remote facilities.

Federal Sign, a division of Federal Signal Corp., offers both pre-engineered and custom models. It also designs, builds, delivers and installs the complete ATM unit, including professionally designed signage and graphics reflecting the image of the individual financial institution.

Federal sign's modular ATM design includes factory-installed heating and air-conditioning systems. A choice of configurations is available, including outdoor walk-in units, outdoor drive-up and self-contained indoor facilities. They also can be custom designed to meet customer specifications.

Federal Sign says a major advantage of these pre-engineered units is reduced installation time, compared to ATMs constructed locally on-site. Because of their modular design, Federal Sign points out, these new units also can be moved easily to new locations when market areas change.

In addition, says Federal Sign, pre-engineered units offer considerable savings when compared to those built on a one-time basis by a local contractor. The latter, according to Federal Sign, often result in cost overruns, which pre-engineering eliminates, since the units are pre-priced at a firm cost before being manufactured.

Through its turnkey-ATM program, Federal Sign works directly with customers from a project's inception. The firm's professionals plan the design and oversee installation procedures, including those required by local codes.

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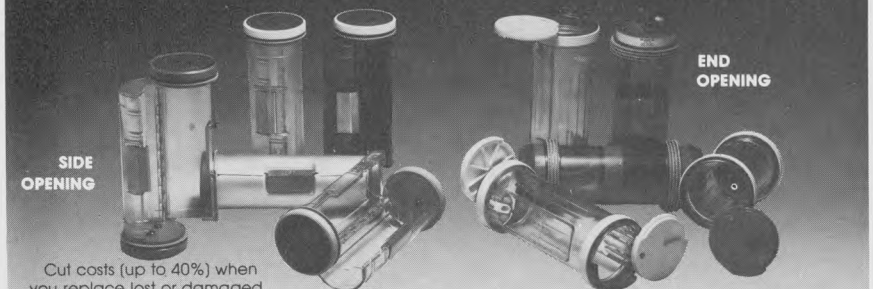

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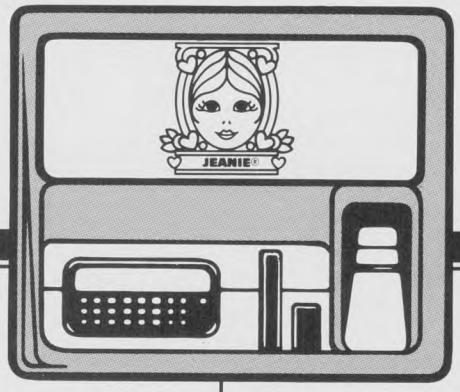

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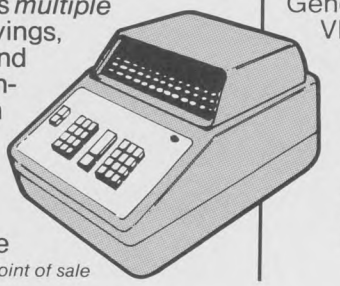
A new teller named Jeanie is going to work today for many financial institutions. She can serve customers 24 hours a day, 7 days a week via Diebold, Docutel, IBM, and NCR automated teller machines (ATMs) and any Touch-Tone* phone. Why not call the pros at Fifth Third and put Jeanie to work for you and your customers?

On-line in 7 states

ENJOY MAXIMUM ELECTRONIC BANKING CAPABILITY, FLEXIBILITY AND RELIABILITY!

Fifth Third's Midwest Payment Systems (MPS) Division supports over 250 "direct attached" on-line ATMs and one million plastic cards in over seven states. Jeanie's current participating financial institutions range in asset size from **$9 million** to over **$2 billion.** Jeanie cardholders can use *one* card to access *multiple* checking, savings, investment and credit relationships or even pay bills electronically at any Jeanie ATM or Touch-Tone phone. You can even let your VISA® and MasterCard® customers use Jeanie.



On-line at point of sale

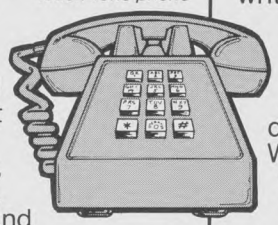
MPS can provide your institution with a number of cost effective back office data processing options all the way from a complete on-line central information file to simply "switching" transactions and information to your in-house computer or service bureau.

On-line with your cardholders

Jeanie also does not take vacations and she is a very reliable performer. The MPS Network Control Center continuously monitors all electronic banking devices to minimize machine failures that can inconvenience your customers.

TAKE ADVANTAGE OF ALL ON-LINE APPLICATION SYSTEMS!

Fifth Third has a complete assortment of on-line applications systems including all Loan and Deposit products plus Trust, Investment, Financial Control, General Ledger and VISA/MasterCard credit and debit processing. These systems provide great flexibility for you to design and implement unique products for your market place. Also, all customer relationships and management information are at your fingertips with the most sophisticated central information file available.



On-line with any Touch-Tone phone

DATA PROCESSING SERVICES FOR TODAY... AND TOMORROW!

Fifth Third has made a major commitment to on-line application processing, plus ATM, home banking and point-of-sale electronic delivery system support. Why not associate with someone who has the proven systems, equipment and technical support staff already in place to meet the many challenges and opportunities facing today's financial service industry? Call or write Tom O'Donnell, Peggy Golden, Charlie Wilson, Bill Hagedorn or Tom Padgett and learn more about Jeanie and Fifth Third's other on-line data processing services. Why wait until tomorrow when you can go "on-line" today?

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Officer Changes Announced By CSBS After Edwards Resigns Commissioner Post

WASHINGTON, D. C. — Sidney A. Bailey, commissioner of financial institutions for Virginia, has been named chairman/president, Conference of State Bank Supervisors (CSBS). He succeeds Michael D. Edwards, who resigned as supervisor of banking in Washington state last month. William C. Harris, commissioner of banks/trust companies in Illinois, was elected president-elect of CSBS, succeeding Mr. Bailey. Succeeding Mr. Harris is Paul J. Amen, director of banking/finance for Nebraska.

BAILEY

EDWARDS

HARRIS

Other changes on the CSBS board were announced. Robert E. Stewart, Texas banking commissioner, has been named vice chairman or alternate to the board in district four to fill a spot created when Glen F. Ritterbusch, director of banking/finance for South Dakota, was elevated to succeed Mr. Amen. Also, Thomas H. Huston, superintendent of banking for Iowa, was named to fill the board vacancy created by the death of Thomas E. Pederson, Wisconsin's former banking commissioner.

The CSBS top-level vacancy was created when Mr. Edwards resigned his post as Washington banking commissioner rather than support a proposed bill in his state that would permit state-chartered commercial banks to invest up to 15% of their assets in enterprises not directly related to banking. Mr. Edwards found himself in opposition to his boss, Governor John Spellman, as well as the Washington Bankers Association.

Mr. Bailey has been Virginia's banking commissioner since 1977. As CSBS president-elect, he would have assumed the chairman/president position in May. In the past, he has served the CSBS as one of its chief spokesmen on federal legislative and regulatory issues in Washington, D. C.

Mr. Harris, new CSBS president elect, has been commissioner of banks/trust companies in Illinois since 1977. He previously was a state legislator. He had been CSBS vice president and is expected to be reelected president elect of the association at its annual convention in May.

Structure, Management Changes Announced by Manny Hanny

NEW YORK — Manufacturers Hanover Trust has announced a new organization structure and related management promotions for the retail banking division.

William A. Buckingham has been elected vice president/deputy general manager in charge of the branch-banking group. He has been president, Manufacturers Hanover, the upstate New York banking subsidiary of Manufacturers Hanover Corp.

Frederick G. Westerman has been elected president, Manufacturers Hanover. He had been executive vice president of the 36-branch subsidiary which is based in Rochester.

The branch-banking group has been realigned to include the 201 branches in metropolitan New York, the marketing, credit policy and staff-administration departments and Manufacturers Hanover.

Purpose of the change is to provide maximum senior-management guidance for consumer and small commercial business in New York state, while enabling the division to meet the challenges of nationwide retail banking, according to John R. Torell III, Manny Hanny president.

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