

MID-CONTINENT BANKER

(ISSN 0026-296X)

INCORPORATING MID-WESTERN BANKER

OCTOBER, 1983

NORTHERN EDITION

Modern Buildings Project Banking's Image to Public

Page 8



Divesting Branches:
How to Do It
Page 26

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MID-CONTINENT BANKER for October, 1983

MID-CONTINENT BANKER

(Incorporating MID-WESTERN BANKER)

Volume 79, No. 10

October, 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 and The Bank Board Letter.

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Convention Calendar

- Oct. 23-25: ABA International Banking Conference, New York City, Grand Hyatt New York.
- Oct. 23-26: Bank Marketing Association Annual Convention, Atlanta, Atlanta Hilton.
- Oct. 23-28: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
- Oct. 30-Nov. 2: Robert Morris Associates Annual Fall Conference, San Francisco, Fairmont Hotel.
- Oct. 31-Nov. 2: Conference of State Bank Supervisors, Federal Legislative Conference, Washington, D.C., Mayflower Hotel.
- Nov. 2-5: Independent Bankers Association of America, Seminar/Workshop on One-Bank Holding Company, Hilton Head Island, S. C., Hilton Head Resort.
- Nov. 6-18: ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.
- Nov. 9-11: Association of Bank Holding Companies Fall Meeting, Seattle, Westin Hotel.
- Nov. 9-11: Dealer Bank Association Public Finance Seminar, New Orleans.
- Nov. 13-16: ABA National Agricultural Bankers Conference, Los Angeles, Bonaventure.
- Nov. 13-16: Bank Administration Institute Money Transfer Developments Conference, Boston, Westin Hotel.
- Nov. 13-16: Bank Marketing Association Corporate Business Development Training Workshop, Orlando, Fla., Orlando Marriott Inn.

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New MCB Staffer

ST. LOUIS — John L. Cleveland has joined MID-CONTINENT BANKER as assistant to the publisher.

Mr. Cleveland most recently was with the American Paint Journal Co., a St. Louis-based publisher of national trade magazines. His last position there was editorial director of *Decorative Products World* and *American Painting Contractor*. Be-



fore going to that firm in 1975, he was with two weekly Illinois newspapers. At *The Tribune* in Fairview Heights, Mr. Cleveland was editor. At *The Crusader* in East St. Louis, he held numerous titles, including news editor and sports editor.

Mr. Cleveland received a B.A. in communications from the University of Illinois at Champaign/Urbana in 1972 and a masters of business administration from Southern Illinois University at Edwardsville this year. While at the University of Illinois, he was on-the-air broadcaster for WPGU Radio in Champaign, edited and managed a satirical publication for the university's Sigma Delta Chi chapter and was a technician at a TV station.

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

The Financial Regulatory Labyrinth

FOREIGN bankers, who generally have only one supervisory agency to deal with, are continuously amazed at the complex web of over 155 state and federal regulatory agencies supervising U. S. financial institutions.

Even if you were to attempt to draw an organizational chart showing which agency is supposed to supervise the various functions of a bank, you eventually would conclude that the lines are not as clear as they initially appear. The situation was complex in the 1970s, but has grown even more so with the Garn-St Germain provision

the Comptroller of the Currency actually conforming to uniform principles? If they are, the long-discussed uniform playing field in the financial-services industry will have become a reality in most respects. But that, of course, is not the case.

Instead, we find the terrain still hilly and evidence of continuing schisms between the main players in the financial-services market. Recall, for example, that another function of the Federal Financial Institutions Examination Council (under the Housing and Community Development Act of

activity is functioning as a liaison with state regulatory agencies. For several years, there has been gratifying cooperation between the Conference of State Bank Supervisors and the FDIC in coordinating mutual efforts, and the FDIC has expressed its pleasure with a system whereby the results of bank examinations are exchanged with state agencies. Page five of the council's annual report notes, however, that the FHLBB "has declined to accept examination reports prepared by state examiners in lieu of those prepared by bank board examiners."

Of course, the FHLBB is the same agency that some months ago discontinued publication of quantitative data on its problem institutions. The same board also has refused to permit the publication of information on past-due member loans even though an objective of the Federal Financial Institutions Examinations Council is to ensure that information on loans of commercial banks past due by 90 days is made public. The FHLBB also permits its members to operate with real negative capital and to have a fraction of the capitalization on paper that bank regulatory agencies call for.

One can question why the FHLBB refuses to accept reports of state examiners while the FDIC does accept them. A possible explanation is that the FHLBB does not have confidence in the professionalism of state S&L examiners. If so, shouldn't the public be made aware so that corrective action can be taken? FDIC representatives have told me in the past that while they did have confidence in state bank examiners, there were some states whose examiners did not meet FDIC standards. One solution was providing educational facilities to remedy the shortfalls.

Needless replication of effort by examiners and the FHLBB should be eliminated, of course, but there are more fundamental points to consider.

(Continued on page 40)

"As S&Ls, credit unions, mutual savings banks and other organizations take on the panoply of commercial banks, they should have the same standards applied to them as are applied to commercial banks."

allowing other financial institutions to take on many functions that previously were solely within the purview of commercial banks.

It now makes sense to call a number of other financial institutions *de facto* banks even though they may have been chartered as a savings and loan, mutual savings bank, co-op or money-management account.

The Federal Financial Institutions Examinations Council, established on March 10, 1979, under Title 10 of Public Law 95-630 (the Federal Financial Institutions Regulatory and Interest Rate Act of 1978), was to be a formal, inter-agency body which would prescribe uniform principles, standards and report forms for federal examination of the various types of financial institutions.

Four years should be sufficient to see whether the council has done what it set out to do. Are the Board of Governors of the Federal Reserve, the FDIC, the Federal Home Loan Bank Board (FHLBB), the National Credit Union Administration and the Office of

1980) was to facilitate public access to data that depository institutions are required to disclose under the Home Mortgage Disclosure Act of 1975.

In its annual report, the council is required to list its actions, and often there is a three-to-two split between the represented regulatory agencies. One can conjecture which agencies were in the majority and which were in the minority in these actions and occasionally a clue surfaces, such as a comment in the council's annual report about a vote on inter-agency trust-rating agencies. All three of the banking agencies approved a council recommendation on the issue, the report notes, but curiously, the others did not.

It's healthy when a council such as this does not always show unanimity; however, the preponderance of three-to-two votes — apparently along the same lines — suggests an unhealthy division between banking and non-banking agencies. Consensus on the council appears to be rare.

Another important area of council

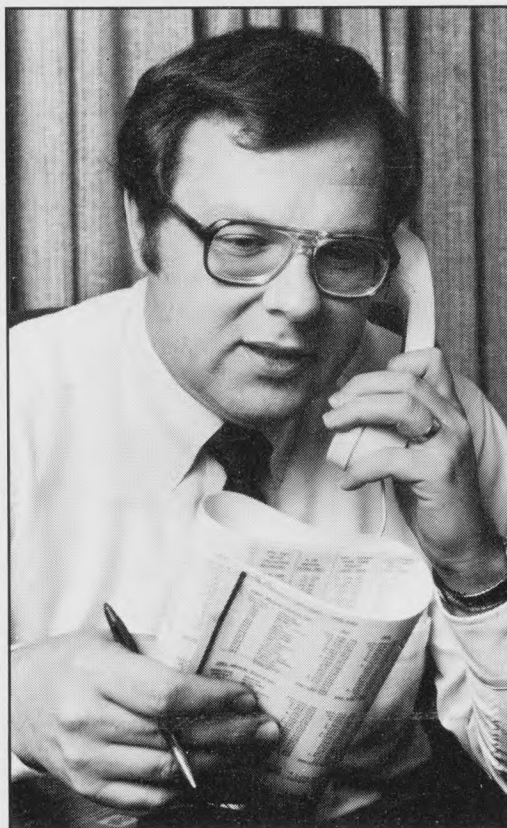
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GETTING IT DONE

Advanced Building Designs Enable Banks To Project Positive Images to Public

Architects, Builders Report on Recent Projects

NEW AND REMODELED bank building projects recently completed indicate the diversity and scope of the bank modernization climate of 1983.

No matter what the economic situation, bank buildings continue to be outgrown by their occupants; new services continue to demand modifications in buildings; problems of lack of space and deterioration continue to demand solutions.

On the following pages, MID-CONTINENT BANKER presents a portfolio of bank building/remodeling projects reported by most of the nation's leading architecture/design/building firms. Each project is unique in that it solved problems being experienced by financial institutions in a way best suited to each institution.

None of the projects could be labeled "grandiose"; rather, they tend to involve medium-sized institutions managed by forward-looking individuals who realize that the appearance of their institutions' buildings mirrors the thinking of those institutions' management.

This image is what draws the public to a bank or thrift and positions the institution as a leader in the community it serves.

Cramped Space Gives Way To Spacious New Bank Via Remodeling Project

MANAGEMENT of Bank of Lecompte, La., decided it was time to modernize and expand its aging quarters. The existing structure, built in 1952, was added to in 1967, but again had become cramped and inefficient.

The need for major renovation was readily apparent. The bank's main entrance was only 12 feet from the teller line, with no waiting area or lobby space. President Wade Jones' private office was actually part of the board room. The lack of privacy, storage space, vault area and general work areas had created major problems.

However, the bank had been on the same site since 1902 and was not interested in moving. HBE Bank Facilities, headquartered in St. Louis, provided the solution: an L-shaped addi-

tion wrapped around the existing single-story building and reorientation of the lobby for access to a new concrete parking area.

HBE's design for the modernized bank called for such extensive renovations that the facility is virtually a new building. The original budget did not include exterior treatment, but after analysis of costs and a study of elevations and architectural overlays, Mr. Jones decided to fully develop the exterior as well and create a completely new image. The \$550,000 project totally updated the bank's interior and exterior, and the bank now accommodates twice the number of employees it formerly did.

The project was phased to permit the bank to remain open throughout construction. More than 4,100 square feet of space were added for the new teller line, lobby, bookkeeping, accounting, vault, private offices, rest rooms and storage. Once the new areas were completed and occupied, HBE

began renovating the original 2,600 square-foot portion of the bank to accommodate the employee lounge, boardroom, private office, loan clerks and collections.

The facility's interior was redecorated and updated. Public areas feature a transitional, classic look; private offices are decorated more traditionally. HBE interior designers selected a color scheme of federal blue and neutrals, complemented by wood tambour wall coverings and dark oak furnishings. Blue carpeting and quarry tile flooring provide definition for the bank's various departments.

The bank's new image has created a feeling of pride and excitement, while maintaining the proper balance between functions, work flow and efficiency of operations, Mr. Jones says.

Challenges of Growth Considered in Planning Of F&M Bank, Foley, Ala.

POSITIVE and oftentimes rapid growth brings with it a whole new set of challenges that mandates bank management respond in the proper manner and address the needs and desires of the market, says Dick Domurat, president, Design-Build Concepts, Atlanta.

Like many other banks facing this "pleasant dilemma," Farmers & Merchants, Foley, Ala., welcomed its growth cautiously and with a sensitivity to what made the bank successful in the first place.

The bank's priority for its new facility was clearly defined: "While financial assets grow, the most vital asset of friendly, personal service must be maintained and continuously strengthened."

Bank management and Design-Build Concepts were aware that, in a marketplace consisting of big-city, HC and independent banks, customers have a wide variety of institutions from

which to choose when selecting a financial institution. They also realized that most customers want "big-bank" services performed in a warm, friendly and personal "small-bank" atmosphere.

Farmers & Merchants definitely is a growing institution. Its assets doubled from \$45 million to \$90 million from 1981, when a building program was initiated, to 1983, when its new facility was opened. The growth came solely from increased market share — no mergers were involved.

According to Mr. Domurat, intelligent planning begins with a sound projection of either assets, deposits or some barometer to indicate future activity level. This projection dictates gross space required. Then operational plans can fall into place and space design can begin. Farmers & Merchants was seen as becoming a \$100-million institution, a deposit level that made it challenging to maintain the "small-bank" atmosphere.

Bank designers avoided the "ivory tower" concept that is synonymous with larger banks by planning specialized departments that are identifiable

and easily accessible to customers. Services housed in more than 23,000 square feet of space were made to appear intimate and within reach through deliberate planning, Mr. Domurat says. Yet the operational plan is flexible enough to adapt to future changes.

An "earthy" theme is present throughout the facility. Contrasts in texture, daylight, plantings, dramatic space and shapes, earth-tone materials and openness present a natural and inviting atmosphere. Such aspects have permitted Farmers & Merchants to retain its "friendly bank" appearance.

"Growth is exciting and so are the new building programs that come with it," Mr. Domurat says. "It's an opportunity for change and new direction. It's not the time to lose sight of what created the bank's success, but time to strengthen its image and deliver banking philosophies in the best way possible." ●●

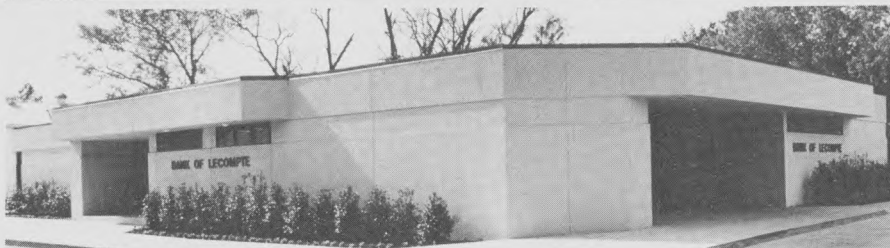
Building Represents Image Of Institution to Town; Attracts New Customers

THE BUILDING represents the image of the financial institution to its community, say the people at Bank Building Corp., headquartered in St. Louis.

And to prove it, they cite the example of West Bend (Wis.) Savings' new main office.

Although the thrift is the largest financial institution in West Bend, its building belied the fact. Other financial institutions in the area did a better job of presenting their images because they had more impressive buildings. Thus, according to Richard A. Larson, president/CEO, new business firms entering the community seldom approached West Bend Savings first.

To make things worse, the cramped quarters the thrift was occupying, although located strategically, limited the institution's capacity for growth. Everyone involved could see that what was clearly needed was a new or re-



Before (top) and after (bottom) views of Bank of Lecompte, La., showing how major expansion project affected appearance of institution. HBE Bank Facilities wrapped L-shaped addition parking around existing building and lobby was reoriented to provide access to new concrete parking area.



Exterior (l.) of Farmers & Merchants, Foley, Ala., gives appearance of strength, yet abundance of glass "invites" customers inside. Interior (above) features earth tones, easily identifiable departments that provide "small-bank" atmosphere. Project was handled by Design-Build Concepts, Atlanta.

modeled facility that would present a dominant new image for the thrift in West Bend.

Bank Building Corp. (BBC) was chosen by the thrift's building committee because, according to Mr. Larson, "BBC understood our needs and came up with a far better concept. We had confidence it could handle the entire project and the firm gave us an early guarantee on cost."

Thrift management made one important provision when the contract was signed: No business interruption during construction!

To determine the optimum size of the new facility, BBC conducted a market study to estimate growth of market area, market penetration, asset/liability growth, types of new business, departmental service and staffing needs and affiliate growth.

"Based on BBC's projections, we agreed to nearly triple our existing space, from 9,300 square feet to 27,000 square feet," Mr. Larson says.

The design called for integrating the existing building into a modern, visually impressive, highly efficient structure that would reveal no difference between the new and old sections. "We didn't just expand the old building, we literally built a new one around it," Mr. Larson says.

While the new section was being constructed around the old section, normal operations were conducted in the old section. After the new section

Bank Uses Portable Facility



Union Planters Nat'l, Memphis, is installing ATM facilities that are totally movable. The facilities permit the bank to consider short-term leases, test market new locations and save costs by mass producing the units. The units, which are manufactured by National Bank Builders & Equipment, Walls, Miss., feature a concrete slab foundation that permits installation of the ATM machine at the manufacturing plant.

was completed, the thrift moved out of the old section and into the new over a weekend with no business disruption. Then the old section was renovated.

"The whole job went very smoothly, in spite of an extended construction strike," Mr. Larson says. "BBC's project manager adroitly handled communications between union and non-union factions to keep the project on schedule and within budget. He also provided an unexpected benefit as a greatly appreciated buffer between us and the subcontractors, some of whom were good customers."

One of the beneficial results of constructing the new building is that new

businesses coming into the community now come to West Bend Savings first. "We give our building much of the credit for this success," Mr. Larson says.

"One thing we've learned," concludes Mr. Larson. "If there is a need to expand for sound business and economic reasons, current business conditions seldom warrant delaying that decision." ● ●

'New' Empire-Era Decor Transports Bank Building Into 1800s Atmosphere

THE DESIRE to "do something different" in the way of bank modernization has resulted in a unique and impressive "new" look for First National, Baraboo, Wis.

With an eye for detail and a desire to create a unique overall impression, First National's management has restored the bank's building in the style of banks of the 1830s, a period known as the Empire Era.

The original bank building, built in 1927, has high ceilings and columns that lend themselves to the style of the Empire Era. Thus, that era was selected as the theme of the bank's remodeling project.

Interior designer Lise Lawson compares the restoration to that of designing a movie set — every detail had to be unique, yet fit in and complement the overall design.

Creating an authentic Empire-Era atmosphere in the bank took months of research and the combined efforts of Ms. Lawson and the project architect, Bruce Jackson. Ms. Lawson is associated with Design Associates, Milwaukee.

The two traveled to museums and pored through books researching carpet patterns, colors, drapery styles, lighting styles and trim before drawing up plans for the bank's restoration.

"Once we knew what we wanted, we had to track down the pieces," Ms. Lawson says.

The search led them to England for specially made mahogany desks, boardroom table and chairs, an antique chandelier original to the period and custom-made carpeting that incorporates new colors into a classic Empire-Era pattern.

The chandelier is a dazzler and is a reproduction of an original design from the 1800s. It hangs in the bank's lobby. Teller windows and a fireplace in the boardroom are made of marble.

Completing the design are antique pieces that include a neoclassical bust near the stairs, American bird prints in

Private Areas Seen as New Trend in Bank Decor

"The developing new trend in banking is the creation of private areas for specialized customers," states Bruce Archibald, president, Cannell & Chaffin Commercial Interiors, Inc., Los Angeles. "Creation of these private environments on a given floor where complete transactions can be conducted is the newest and most innovative program banks are addressing," according to Mr. Archibald.

"An example is the Bank of California in Beverly Hills, where we developed a single floor for 'celebrity customers.' In other states we are creating these areas for customers whose needs are broad and expansive beyond that of the traditional customer," Mr. Archibald says.

"Cannell & Chaffin believes in customizing these special areas to the specific needs of individual banks, and I foresee this area of interior design opening up a total new area for the decade ahead," Mr. Archibald emphasizes.

The full-service area of Bank of California's Beverly Hills branch has



an accent on privacy with a transitional oriental theme of elegance. Black and pink marble detailing and rosewood columns are complemented by a dusty rose oriental rug, antique Chinese lithographs and art objects.

John Miller, vice president/manager of the bank, stressed that the atmosphere and mood of the project were designed to provide the ultimate in a private atmosphere for the bank's celebrity customers who require this kind of specialized service.



Before



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"When you think about building, you naturally consider your own local resources first," says Frank Etheridge, president of Perkins State Bank in Williston, Florida. "We had capable firms available, but we'd also heard about the fine plan-design-build reputation of HBE up in St. Louis. We decided to investigate."

"We found they knew a lot more about banks because they make this business a specialty at HBE."

"The best word for it, I think, is professionalism. HBE really knows what makes banks tick. They work with so many they can tell you right away if an idea will work or if there's a better way to do it altogether. That's the kind of competence that can also save you from somebody else's naive mistakes. Everybody can see it—we even have contractors on our board, but we all became convinced that HBE's superior expertise made it the clear choice."

"The thousand miles vanished when we got HBE for neighbors right here in town."

"When construction actually began, HBE immediately moved their superintendent into our area. He was here for the entire time, working on a daily basis with local subcontractors. And it went so well, as a matter of fact, that the entire project was completed almost sixty days ahead of schedule."

"They really have the people—in force."

"Some organizations, despite their reputation, can leave you with just a salesman to deal with.

But HBE is fully staffed with architects, engineers, construction managers, and so on. And they're always just a phone call away. Any time you want to talk to them, they're all there under one roof—real professionals, on staff, who know what they're talking about."

"We're attracting more business, too."

"HBE helped us increase our customer appeal by developing an entirely new and exciting image program. It embraced not only the concept of the building and the site, but a new logo and an entirely new corporate identity. When we moved in, we saw business increase by more than 50% the first year. That's the kind of marketing insight you get from HBE."

You can put your full confidence in HBE.

We can underline what Mr. Etheridge has said. HBE is determined to make every project work the way you want it to. Call or write me, Sally Eaton, right now at 314/567-9000. HBE Bank Facilities, 11330 Olive Street Road, St. Louis, Missouri 63141.



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“Our new building is all we wanted it to be and more, thanks to HBE.”

Frank Etheridge, president of Perkins State Bank, likes everything about his new HBE-developed facility at Williston, Florida.



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an office and an American Indian statue in the boardroom. All help give the bank both a period look and atmosphere.

Aside from its new look, First National's remodeling had its practical aspects. The building was lengthened by some 40 feet and the second floor was utilized for office space.

The exterior wasn't overlooked. Flowering crab apple trees were planted along the street, adding impact to the bank's appearance and making the city square more inviting. ●●

Old Building's Problems Solved With Design For New Structure

EVERY BANK is unique in its situation, including problems associated with an outdated building.

Murphy-Wall State, Pinckneyville, Ill., was bursting the seams of its 1907-era building. It had no drive-up facilities, no convenient parking area, no

private areas for conducting important discussions with loan customers, no way to expand its vault to accommodate new safe-deposit boxes and no space to expand or carry on private conferences for customer services.

All these problems were overcome in the design for the bank's new 15,000-square-foot building, which was handled by the Bunce Corp., St. Louis.

"When we made the decision to go ahead with the project . . . we knew we wanted to hire a company with experience in the complete sense of designing and building banks," says Bob Crawford, bank president. "When we contracted with Bunce, we really turned a lot over to them."

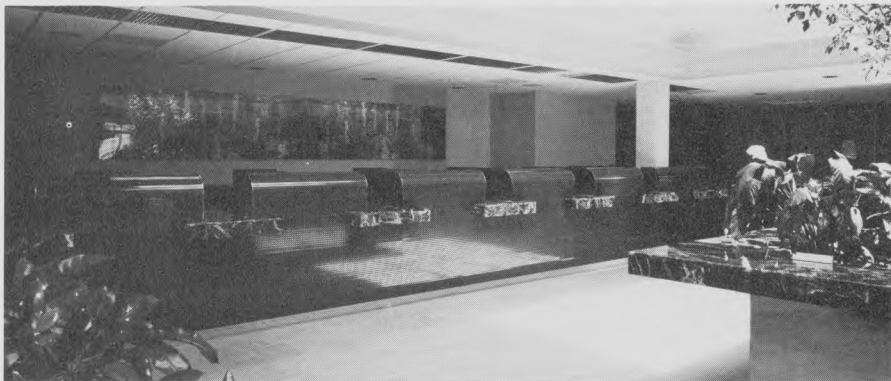
The bank's new facility is a great enhancement to its customer-service capability. New services include an ATM, and walk-up-window service that was popular in the former building was retained. The new structure also offers customers privacy when dealing with the bank.

The bank is able to operate with a lean staff primarily because of department placement. Bookkeeping and proof operations are on the first floor, a short-term arrangement that permits the bank to operate with a minimum of personnel at maximum efficiency. As the bank grows, it plans to move these departments.

The architectural design of the building features a large sloping roof made of "super slate" that resembles a tile roof and blends with the oversized grey brick used on exterior walls. The roof features a skylight that allows the sun to shed its path of daylight, illuminating the interior throughout the day.

The teller line is constructed of a corrugated laminate and is the focal point of the lobby. The color scheme features blues and mauves that are sometimes restful and soft, sometimes vibrant.

The new building is considered by many to be bank management's strong expression of pride in its community as well as a special testimony to Mr.



Teller line is focal point of lobby of Murphy-Wall State, Pinckneyville, Ill. Corrugated laminate in mauve color was used for teller line. Bunce Corp., St. Louis, was designer/builder for project.

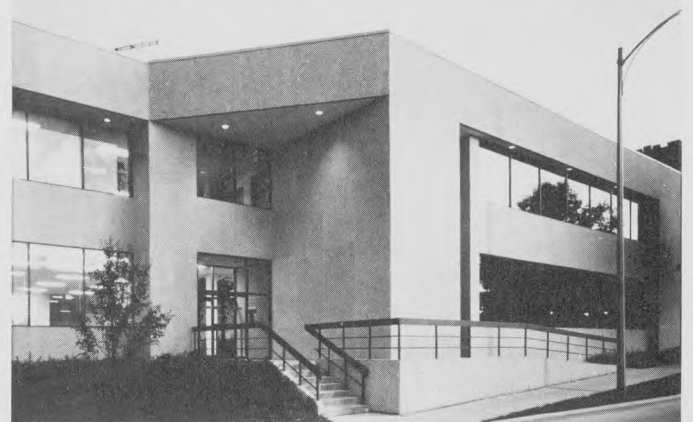
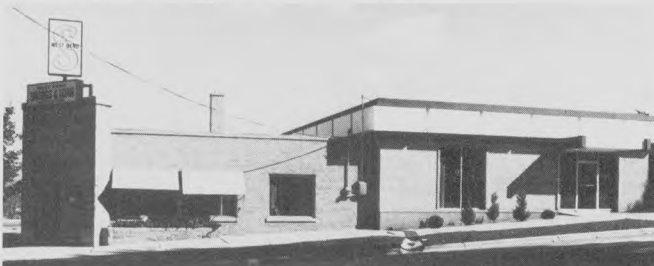


Eye-catcher in lobby of First Nat'l, Baraboo, Wis., is crystal chandelier, reproduction of an original design from 1800s. Design Associates, Milwaukee, handled project.



Interior of Peoples Bank, Chalmette, La., features contemporary design highlighted by natural daylight from atrium. Ernest E. Verges & Assoc., New Orleans, was designer.

Before (below, l.) and after (below, r.) photos of West Bend (Wis.) Savings. Thrift expanded by building new addition around core building. Bank Building Corp., St. Louis, handled project.



Crawford's father, William, who was president of the bank for 53 years. ●●

'Unmodular' Bank Bldg. Chosen by Bank in Texas By President, Consultant

WHEN Jack Harvard, president/chairman, Willow Bend National, Plano, Tex., and Larry Heine, owner of Larry Heine & Associates, bank consulting firm, were sorting out priorities for a new bank facility, certain criteria were not subject to negotiation.

Mr. Harvard wanted his building in place as quickly as possible for the realistic "business-environment" reason of creating cash flow.

"We work hard for our money, and as a consequence we make our money work hard for us," says Mr. Harvard. He wanted a structure that would establish an aggressive "pecking order" within his bank's trade area and stated that, "As bankers, we wanted to get the biggest bang out of our available bucks. Ultimately, we decided for obvious reasons to accelerate our opening time and also be within a cost-effective ratio. As a consequence, we decided to utilize the modular concept. The one thing we wanted to avoid, however — for image is important to any bank — was a modular look," he says.

After extensive architectural con-

sultation, Mr. Harvard and his investors selected Son Corp., Wichita, to supply the building. "Son had a reputation for laying in a quality building quickly with no cost overruns," he says. "We selected Son also because it has placed more than 400 bank branches. Our architects worked with Son engineers to develop a functional building of considerable distinction."

Mr. Harvard feels that the high-roof chateau mansard with balustrade gives esthetic merit to the building. In addition, interior decor is punctuated with period furniture, oriental rugs and an English antique pulpit that serves as a unique customer check-writing stand. "We have a livable bank," he says.

"Banking is becoming a fast-moving industry," he adds, "and, as an industry we are going to have to move with greater alacrity to meet demand and properly service the complex public domain. We feel we have responded by providing a facility in Plano of which we all can be proud, and we know we have proved that modular doesn't look modular anymore." ●●

Bank Doubles Floor Space With Two-Story Addition; Unique Teller Line Added

AN EFFORT to obtain additional space for expanding departments was the primary reason Fairfield (Ill.) National doubled its square

footage recently by adding a two-story extension to its building on the town square.

According to Max Gray, executive vice president, the bank had run out of space for offices. There was no place to locate additional teller windows and the bookkeeping department was crammed into a space on the first floor that was too small. The bank's drive-up also was in need of expansion to handle increasing business.

Arrangements were made to purchase adjoining lots to the north of the bank's building. Structures on those lots were demolished and the two-story bank addition was constructed on the site with Richard L. Bacon, Ste. Genevieve, Mo., as project architect.

Mr. Bacon had handled the bank's original building, so he was familiar with the situation. He designed a few "extras" into the plan, including an outdoor glass elevator for the addition and a decorative exterior water fountain and public seating area at the entrance to the bank.

Bank management desired privacy for each customer at the teller windows, so Mr. Bacon designed a concave, gold-mirror-faced teller line with 12 positions. Customers using the line are ensured privacy because the configuration of each teller area provides a barrier between stations. A model of the teller line was constructed because of its complexity before the actual line was built.

Mr. Gray says there was no disruption of banking service during the construction project. He adds that customers coming into the bank can't tell where the original bank and the addition join, as the ceiling of the original structure was redone to match that of the addition.

Mr. Gray says business has increased since the expanded bank was completed. Public receptivity has been excellent and everyone appreciates the fact that the additional space has made bank services more available to the public. ●●

Phased Building Project Underway in Louisiana

ATWO-PHASE construction project is underway at Peoples Bank, Chalmette, La., under the direction of Ernest E. Verges & Associates, New Orleans.

Phase one, completed in July, consists of a branch facility of two stories with a virtually maintenance-free exterior of insulated, off-white porcelain enamel panels that gives the bank a contemporary appearance. Periodic

Design Award Winners Announced



FIRST SAVINGS & Loan, Borger, Tex., has won the first-place design award given annually by Bank Building Corp., St. Louis, designer/builder of financial facilities.

The S&L's architect and the design team were commended for "a unique integration of disciplines producing a distinctly unified whole — an outstanding example of total architectural design."

Awards of excellence went to Bank of Lake of the Ozarks, Lake Ozark, Mo.; Hawaii State Employees Federal Credit Union, Hilo; and Century National, Washington, D. C.

Judges included Tai Soo Kim, AIA, president, Hartford Design Group; Jack C. Durgan, AIA, Kansas State University; and Howard Van Heuklyn, AIA, Verge-Clatworthy, Los Angeles.

The awards were established in 1972 as part of a Bank Building program to encourage design excellence through peer recognition and quality performance.



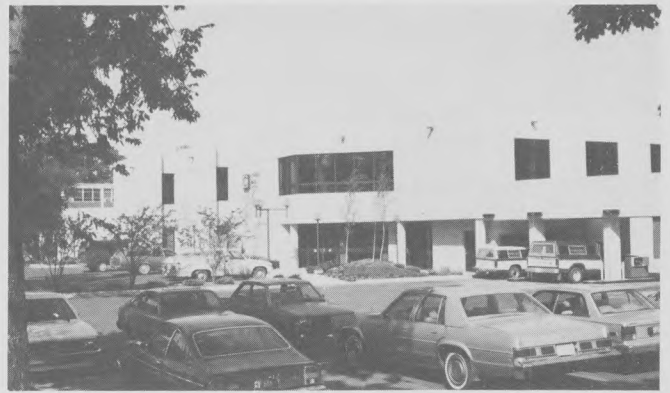
Exterior (above) and interior (below) of Willow Bend Nat'l, Plano, Tex. Exterior's high-roof chateau mansard with balustrade helps belie fact that structure is modular. Interior features period furnishings and oriental rugs. Son Corp., Wichita, Kan., supplied the building.



Two-story structure was built for Citizens Bank, Manhattan, Kan., to connect bank's original one-story building and a drive-up facility which had been 90 feet apart. Alvin Row, Architects, Lenexa, Kan., handled project.



Two-story addition to Fairfield (Ill.) Nat'l features elevator "with a view" and fountain and benches as esthetic touches. New structure backs up to one-story original building built in 1971. Richard L. Bacon & Associates, Ste. Genevieve, Mo., designed both buildings.



hosing of the walls keeps them clean, according to the Verges firm.

The facility includes a "head-on" motor bank with eight lanes featuring remote-teller units, one of which is for commercial accounts.

The building's interior was designed around a glass-enclosed atrium that brings natural daylight into the lobby. The second floor contains the computer and proof departments, bookkeeping operations and an employees' lounge. It is glass-enclosed on the side overlooking the atrium.

The second phase of construction will consist of a five-story bank/office building that will include expansion of present banking facilities and addition of rented office space. When this phase is completed, the facility will become the bank's main office. When the expansion takes place, the teller area will be increased from eight to 12 stations.

The completed project will give the bank about 15,000 square feet of space and will cost approximately \$2 million.

Bank Recycles Building To Expand Quarters

Comerica Bank-Jackson, Mich., made use of an adjacent vacant building to enlarge its quarters recently. The bank "recycled" a building

On the Cover

Unique teller-line configuration at Fairfield (Ill.) National (top, left) uses concave arrangement to ensure privacy of bank customers. Richard L. Bacon AIA Architect & Associates, Ste. Genevieve, Mo., handled expansion project.

Retaining "small bank" atmosphere for "large bank" was challenge facing Design-Build Concepts, Atlanta, when it drew up expansion plans for Farmers & Merchants, Foley, Ala. (top, right). Challenge was met by including easily identifiable departments in plans.

New banking floor at Bank of Lecompte, La. (middle, left), features clean lines and neutral colors. Teller stations are backed by wall of wood tambour. HBE Bank Facilities, St. Louis, handled the project.

Exterior of Murphy-Wall State, Pinckneyville, Ill. (middle, right), includes super-slate roof with skylight to illumine bank's interior. Bunce Corp., St. Louis, supervised design and construction of the building.

A new building around an existing building was answer to expansion needs of West Bend (Wis.) Savings (bottom). Bank Building Corp., St. Louis, handled the project.

formerly occupied by a retail chain, and, in so doing, eliminated the need to relocate.

The expanded quarters enabled the bank to house all departments under one roof. Several departments had been relocated to branches due to lack of space in the original building.

Remodeling included application of a liquid gypsum floor to assure adequate soundproofing, improve the fire rating of the building and provide a durable working surface for flat-wire cable that houses electrical and phone systems.

The interior features open landscaping of areas to provide more space for bank departments and permit easy expansion of department space.

Architect for the project was TKACZ Associates, Plymouth, Mich.

Bank Joins Structures With 2-Story Addition With Little Service Loss

CITIZENS BANK, Manhattan, Kan., opened its doors in its new one-story building in 1958. The bank's growth demanded additional drive-up services and a new one-story drive-up facility was built 90 feet from the main building in 1977.

(Continued on page 19)



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HC Provides Building Service For Financial Institutions in SE

AT FIRST Tennessee Bank, Memphis, business isn't just banking; it's construction, too!

It's construction management, that is, such as erecting bank buildings and branches, remodeling main offices, adding drive-in facilities and transporting ATM buildings across the Southeast.

"It's an innovative business for a bank to be in, but we have been quite successful with this service for a number of years simply by word-of-mouth advertising," says William "Bill" Crosby, vice president/manager of First Tennessee's properties-management division and head of the construction-management service.

"Now, however, the market is excellent and we are aggressively seeking new accounts. We feel our service is second to none."

Construction management is just one of many new areas in which banks now are becoming involved in an effort to compete with other financial institutions, Mr. Crosby says.

"The design and operation of a bank can play just as important a role in its success as what is happening inside," he says. "And because we are bankers we can offer the expertise that normal design/construction firms can't offer. An inefficiently designed branch can result in a waste of time and people — therefore money."

Mr. Crosby says financial institutions have peculiar design needs. Among these needs is the best location for the night depository and exactly how high it should be. Tellers also must have specially designed work areas, arranged in a sort of assembly-line fashion. Drive-in windows pose special problems too, such as the width of the lane, the height of the windows and their ultimate effect on traffic-flow patterns.

Banks no longer can afford the "monuments" built in the past for branches, Mr. Crosby says. "We have to think small in terms of building size and yet provide customers with the services they need where they need them."

The most unusual work of the construction-management service is the physical transportation of portable ATM buildings and convenience branches that can be moved in one piece to various locations.

"We bring everything at once, and the building can be fully operational within an hour, whether it be an ATM building or a staffed convenience branch." Buildings are complete with furniture and bank-related equipment.

Moving an ATM facility no longer is a big task, Mr. Crosby says. Six jacks, linked to a micro-computer, are used. The operator pushes six buttons that cause the jacks to raise the building and simultaneously extend six legs, on which the building rests as the body of a spider rests on its legs. Buildings are put on flatbed trucks and delivered. When they reach their destinations, the process is reversed and buildings are operational within a short time.

The majority of First Tennessee's customers in the past have been respondent banks, Mr. Crosby says, which has given rise to the notion that First Tennessee has added building availability to its list of correspondent services.

"Respondent bankers come to us because they know us and know that we are knowledgeable about constructing branch facilities because of the extensive branching system First Tennessee supports in the Memphis area," Mr. Crosby says. ●●

Continued growth prompted President Alan Bell and his board to initiate a study in mid-1981 to establish a program to satisfy the bank's building requirements.

After being interviewed by bank representatives, Alvin Row Architects, Lenexa, Kan., was selected to formulate a plan that would accommodate the bank's present and future needs.

The bank's earliest considerations called for relocating on another site on the main arterial street of Manhattan, thus becoming part of a newly proposed downtown redevelopment program. But the usual problems of limited building budget, high site costs, access to proper traffic, adequate parking and proper regard for customer service and community image made acquiring another site too expensive. Also, because the bank's existing structures had been built for specific uses, their marketability was reduced.

The combined properties were large enough for development, but presented a number of problems.

Alvin Row Architects studied existing conditions and came up with several master plans for development of the bank's site.

"We found we could maintain much of the existing buildings' functions and spaces with little dollar reinvestment in those spaces," says Mr. Row. "The selected design connected the two buildings with a two-story building that partly covered the old main bank building. A lightweight skin-insulating wall material was selected to tie the complex together and provide needed insulation for the older buildings. The lightweight skin allowed the maintenance of existing overhang structures so that costs of the 'new look' were minimized."

The design provided for continued banking operations at both facilities during construction, with little or no interruption of service to customers.

For a short time, while the drive-up lanes were blocked by construction, Mr. Bell instituted "curb-service motor banking" that had drive-up tellers attending customers at their cars. Some work in the existing building was performed over weekends to keep interruptions of bank services to a minimum.

With the addition of 16,000 square feet of space to the bank's original 6,500 square feet, the bank has plenty of space on the first floor for several years' growth. The upper floor in the addition is being leased until the bank needs the space. ●●

Rammed-Earth Construction Cuts Cost of Bank Building

Who has ever heard of a "dirt" bank?

The people associated with Bank of Cochise, Sierra Vista, Ariz., have; they work in it or they frequent it as customers.

Bank of Cochise's building was constructed by the rammed-earth process. A mixture of earth, sand and water is poured into a form and it is tamped and compressed with a pneumatic ram. After the desired height is reached by adding and compressing repeated layers of the mixture, the form is removed and a firm

and hard wall resembling adobe remains.

Bank of Cochise is said to be the largest commercial building of rammed-earth construction in the nation.

"We have a building as strong as the Alamo," says William E. "Bill" Page, bank president. "With this construction technique we have saved around 40% over conventional building methods. In addition, the two-foot-thick walls and passive solar components will enable us to realize additional savings in lower energy bills."

The bank's interior features white-washed walls, natural wood-beamed ceilings and hand carved oak doors.

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Step Toward Bank of Future Taken by Wilmington Trust

It's not a branch bank in a suburban shopping center but a financial center in a high-ticket business complex. And the concept of Wilmington (Del.) Trust Co.'s new Barley Mill Plaza Financial Center is equally upscale, combining the efficiencies of heavy ATM usage with highly targeted marketing strategies.

"Barley Mill Plaza is different," comments Sam Gray, senior vice president/retail banking. "The first thing you notice when you walk in the door is a row of three ATMs. The people, three bank officers, are around the corner."

The bank's strategy is to delegate all routine transactions to the ATMs so bank personnel can be financial counselors, spending more meaningful time with customers who need it.

Mr. Gray says the location of the facility has something to do with the bank's reliance on ATMs. "We re-

Combo Appliance Available



A combination kitchen appliance for bank employee lounges is available from Norcold, Sidney, O. It includes refrigerator, two-burner range and sink in compact 30-inch cabinet.

searched the customer base in the area and found it to be high income, mobile professionals in nature. These customers expect to use ATMs for normal transactions, use them often and will

depend on our personnel to consult with them on more complicated matters."

He says the bank's not trying to remove the human element, just re-direct it. "If we use ATMs for routine transactions, it increases the facility's efficiency and lowers our costs. It also lets us put highly qualified people in a position to spend quality time with our customers."

Wilmington Trust has installed counter-top ATMs made by Docutel/Olivetti Corp. Routine transactions can be made in as little as 15 seconds, according to Mr. Gray.

Houston Consulting Firm Packages Plans for Banks

A spinoff of a Houston-based architectural firm is offering a service to guide bankers through the process of not only erecting a bank building, but making the bank profitable.

Consultec, Inc., was spun off from McCleary Associates, Inc., early this year. The new firm works with its parent to set up groups or individuals desiring to start out in banking with a complete package of services, including charters, personnel, a building and a marketing plan.

"We're involved in just about every aspect of banking now," says Dale McCleary, president, McCleary Associates. "We can take a bank from zero to opening its doors."

Consultec has had as many as about 50 bank projects in the works, a majority of them new charters. Clients can commission projects as small as a staff-compensation study or as large as a fully staffed, turnkey bank.

Mr. McCleary estimates that a turnkey package could include services such as choosing data processing equipment and a telephone system, setting up a marketing plan, hiring people for a dozen or so positions and training them, suggesting individuals to serve as officers and supervision of the first day of operation. Also available are architectural-related services, such as space planning, interior decoration, furniture selection, design and engineering for a motor bank and a remote-service branch.

Some Inconvenience OK During Building Project

Bankers shouldn't be overly concerned about customer inconvenience when remodeling their premises, says Ed Merkel, president, Commerce Contracting Corp., St. Louis-based design/construction firm.

Customers feel they're part of what's

More Bank for the Buck in Louisiana



A PRE-ENGINEERED multi-story building system saved Bank of Benton, La., both time and money when it constructed a 13,000 square-foot facility last year.

The structure cost an estimated one-third less than the going rate for traditional building approaches and produced a predictably more energy-efficient structure as well, according to Brown Builders, Inc., Bossier City, La. The firm delivered the bank in a six-month time frame for about \$53 per square foot, using a pre-engineered building supplied by Butler Manufacturing Co., Kansas City.

Bank officials estimated that the structure would have cost between \$70 and \$90 per square foot and taken half again as much time to construct if traditional on-site construction methods had been employed.

Pre-engineered elements of the building included a factory-produced structural system and an integrated standing-seam metal roof system. Exterior sidewalls are stucco over steel-stud construction. Corners are rounded and have vertical accent stripes to reduce the mass of the windowless wall expanses. The facility includes an energy-management system to control heating/cooling systems.



Sallie Mae and the Regional Lender

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Vice President, Society for Savings
Hartford, Connecticut

All bankers like the community service value of student loans. And most bankers like the yield, too. But what regional lender Otto Rudolph likes best about student loans is his ability to make more of them—at a profit—thanks to Sallie Mae.

Explains Rudolph:

"We have always considered student loans good business. They attract new and future customers. They guarantee investment diversification. And because the variable rate supplement is based on 91-day Treasury Bills and fluctuates with the money market, we can pre-judge student loan income more accurately than other investments."

Student loans have never been a "bad investment," of course. But what with servicing costs and worries about long-term asset mix, how can anyone afford to aggressively pursue new business? Rudolph's situation is a case in point:

"At the pace we were writing, we were accumulating too high a percentage of assets in student loans. But selling to Sallie Mae before repayment has enabled us to maintain an 'open door policy to all students'. These sales provide funding for additional volume and eliminate the costs of servicing."

Sallie Mae lets lenders convert student loans with terms as long as 15 years to short-term assets. Lenders may choose to use these funds for liquidity, to originate more student loans or invest them in a higher yielding instrument. And, by selling to Sallie Mae, banks can totally eliminate the need for specialized collections and added staff.

"Society sets the pace of competitive pressure. As a full-service leader, we've been writing student loans since 1968. For us, Sallie Mae's expertise in this field is beyond comparison. I have always recommended them highly."

Thanks, Mr. Rudolph. It's been a pleasure for us at Sallie Mae, too, to help regional bankers maximize profits through our Loan Sale Program. We also offer a Warehousing Advance Program that provides risk-free, reserve-free funding tailored to your needs, and a Seller/Servicing Program which enables the lender to profit by retaining servicing functions.

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Over \$10 billion in student loan financing to over 1,700 institutions.

going on and their interest and curiosity will actually increase activity at the bank, Mr. Merkel says. Remodeling work recently completed for several banks in the St. Louis area "dramatically increased transactions and activity," he says.

As to the impact of electronic banking on present and future needs for brick-and-mortar headquarters and branches, Mr. Merkel feels that current electronic equipment is still awkward enough to require special areas to house it.

Customer-service facilities will continue to be needed by banks to conduct both personal and business transactions, he says. Service lobbies, however, will take on a different shape and provide different functions.

On the topic of ownership versus leasing, Mr. Merkel says recent IRS changes allowing accelerated-depreciation schedules make real property an attractive investment. However, he adds, if a bank's earnings are down, it probably is more advantageous to have the property owned by a separate interest with a lease-back arrangement than to have straight ownership.

ATM Remote Facilities Offered by Federal Sign

Federal Sign, a division of Federal Signal Corp., expanded its capabilities earlier this year to meet the increasing demand by financial institutions for ATM remote facilities.

Offering both pre-engineered and custom models, the company, headquartered in Chicago, designs, builds, delivers and installs complete ATM units, including signage and graphics,

Bank Buys Mansion

Capital National, Oklahoma City, expects to occupy its new home in the historic Cravens Mansion early next year. The bank opened late in 1982 in temporary quarters.

After renovation is complete, the building will offer 10,000 square feet of usable space on a two-acre tract. The bank has an option for another two acres.

The mansion was purchased because bank management felt the structure would blend a traditional bank into a new and rapidly growing area of the city, says William B. Robberson, president.

"We knew that changes in the banking community were on the way and we wanted our permanent building to reflect our adherence to the best of banking tradition," Mr. Robberson says.

says Jack Buckley, director of marketing.

Federal Sign has developed a modular ATM design, Mr. Buckley says, that includes factory-installed heating and air conditioning systems.

Major advantage of the pre-engineered units, according to Mr. Buckley, is the reduced installation time, compared to ATM enclosures constructed on-site. Because of their modular design, the units can be moved to new locations when market areas change.

Mr. Buckley says pre-engineering eliminates cost overruns associated with on-site construction. Federal Sign's units are pre-priced at a firm cost before being manufactured, he says.

Choice of configurations includes outdoor walk-in units, outdoor drive-up and self-contained indoor facilities. All can be custom designed.

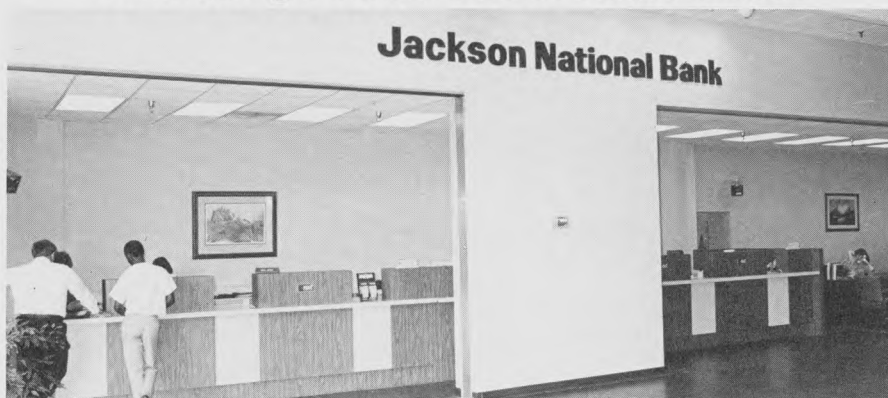
Through its turnkey-ATM program, Federal Sign works directly with customers from the inception of a project, Mr. Buckley says. Federal's people plan the design as well as oversee installation procedures, including those required by local codes.

Drive-in Services Expanded



Nat'l Bank, South Bend, Ind., has installed Diebold TABS® 911 drive-in ATMs and TABS Automate ATM enclosures to expand its 24-hour service to drive-in facilities. The Automates are installed in the outside lane of the bank's River Park facility and provide bank customers with both 24-hour service and drive-up convenience.

Remodeling Doubles Size of Bank's Branch



Jackson (Tenn.) Nat'l established a new branch in the Old Hickory Shopping Mall in 1980 when the mall was remodeled and roofed over. The bank installed Mosler counter systems for three tellers, a check desk and space for one officer when the branch was opened, primarily because Mosler could deliver the equipment in less than 60 days, a fact that enabled the branch to open on time. Customer acceptance has been so good that the bank recently doubled the size of its branch. It again installed Mosler counter systems because the firm could match the original counters, again in less than 60 days' time. For additional customer convenience, the branch has a Mosler Magna dual night depository on an outside wall.

Clothing-Import Quota Affects Apparel Prices

Banks that have put off outfitting customer-contact people in career apparel or re-outfitting their personnel in apparel should know that a national quota system on clothing imports, now in place, will result in a boost in the cost of women's retail apparel as much as 25%.

This is the message G. Carlyle Struven, Inc., Chicago career-apparel manufacturer, is sending to financial institutions this fall.

The effect of this quota system, says Gerald C. Struven, president, is primarily on moderate and low-income consumers — "employees who need every penny of their paychecks to live comfortably and survive in today's economic situation," he says.

"Banks may have never considered career apparel and their employees may never have shown interest in apparel, but, because of this development, it may pay them to evaluate career apparel as a fringe benefit," says Mr. Struven.

The cost of custom-made apparel is not affected by the quota system, he says.



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Bank's Conversion of Rail Depot Evokes Memories of City's Past

RAILROAD depots from the nation's past evoke warm memories in many Americans as Third National, Ashland, Ky., discovered when the doors of its new headquarters — a thoroughly renovated Chesapeake & Ohio passenger railway station — were opened to the public.

The public response was, in the words of David E. Jones, senior vice president/chief operating officer, "unbelievable." During tours of the depot, which Third National ran for some months after the grand opening, visitors occasionally were overcome with emotion. "People would walk in the lobby and cry like babies," Mr. Jones says.

Tearing down the depot and building anew probably would have been cheaper, but it would have been the worst move Third National could have made, Mr. Jones says. At least \$8 million in new deposits has flowed into the \$142-million institution as a result of the restoration, he estimates.

Whenever possible, Third National's architects, Johnson & Romanowitz, Lexington, Ky., attempted to preserve or restore the look the depot had in 1925. Exterior walls were sandblasted and cleaned of grime. Vault walls had to be installed at the rear of the building, but the old bricks and stones were replaced with materials that match the rest of the exterior.

Third National has large data-processing areas requiring year-round air conditioning. Hot water from the air-conditioning system is recycled to heat the building in winter, Mr. Jones says, helping to cut the bank's overall energy bill by about 25%.

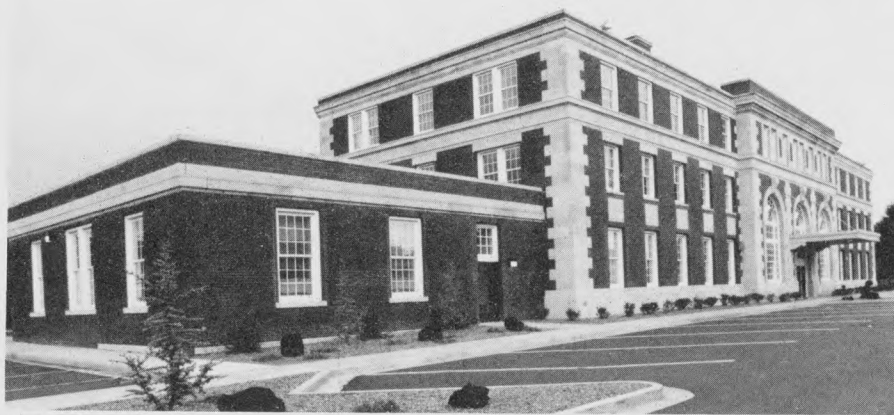
When Third National moved its headquarters six blocks west from its former location in Ashland's central business district, there was some animosity from a few downtown merchants, Mr. Jones concedes. Part of the former headquarters has been converted into one of Third National's five branches and the rest of the building is leased.

But the advantages of the depot location far outweigh those of a downtown location, Mr. Jones says. At the new location, for example, Third National has parking for 150 cars; whereas, customers had to search for parking space previously. Mr. Jones says a customer poll conducted prior to the move showed that the vast majority of Third National's customers came downtown for no other reason than to go to the bank and that finding a parking space during those excursions was a problem.

In any event, Ashland's central business district appears to be moving out toward Third National's new location. Excess land purchased at the time the depot was bought gradually is being sold off. The U. S. Post Office recently purchased some of the land for a 40,000-square-foot regional distribution center, for example, and Mr. Jones says he is confident other organizations will follow.

The restoration took about 18 months and cost about \$3 million, but Mr. Jones says the money was well spent. A 1925 Pullman coach is being refurbished to serve as a conference room for up-scale customers and potential customers. Thousands of dollars are being spent to restore the old Pullman, which is on a siding behind the bank.

Third National's railroad theme is definitely stimulating business growth, Mr. Jones says. In fact, the bank singlehandedly may be giving new meaning to a popular term in the financial community these days — "sales training!" — **John Cleveland, assistant to the publisher.**



Restored railroad depot serves Third Nat'l, Ashland, Ky., as new headquarters. Site includes 35,000 square feet of interior space and abundant parking area. Restoration cost bank about \$3 million.

"This is a railroad town and there are a lot of railroad buffs," Mr. Jones explains. "Of course, the C & O Railroad headquarters were not too far from us so there are a lot of C & O people in this area."

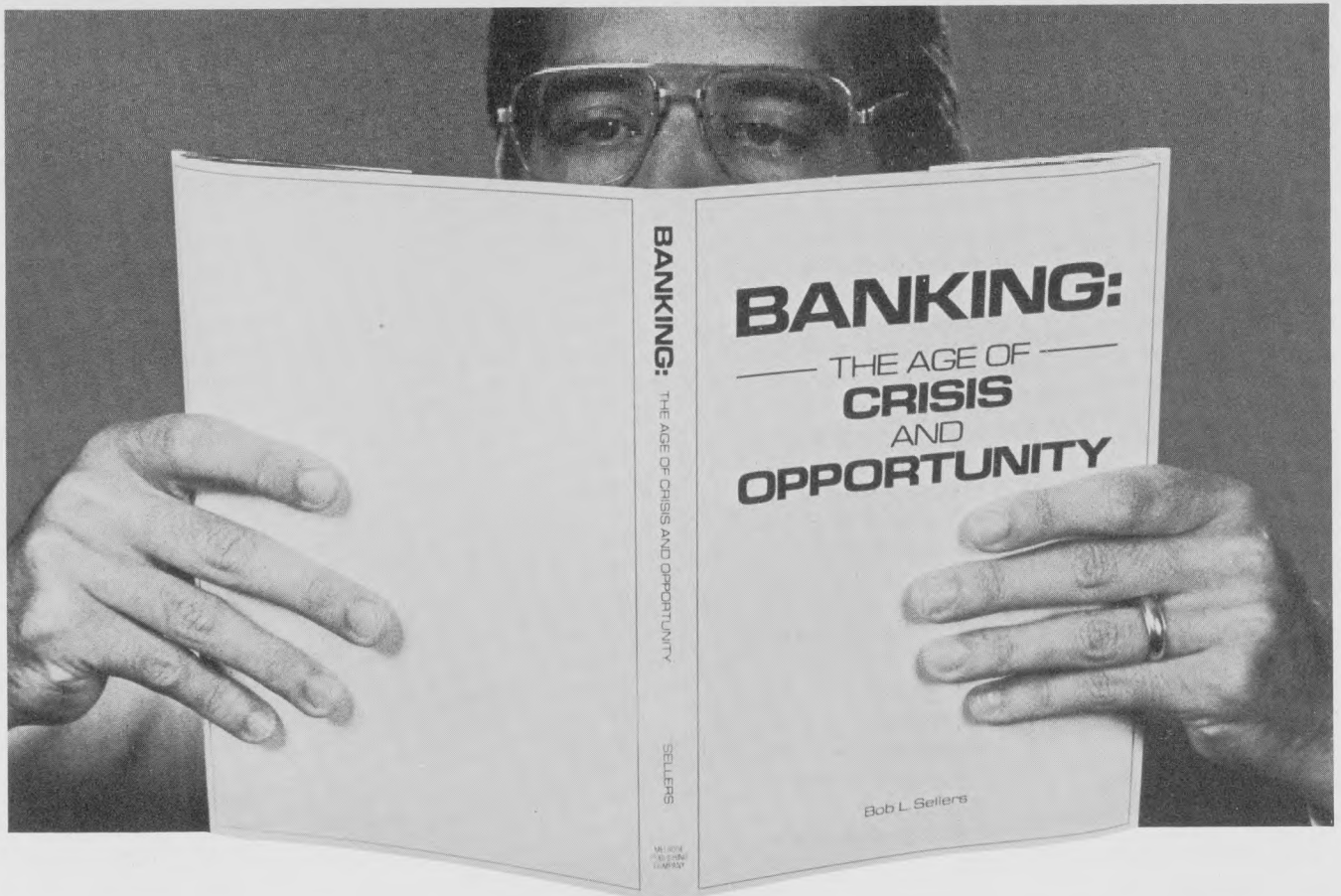
When Mr. Jones and other bank officers initially viewed the run-down depot, however, there was some sentiment for razing it and erecting a new headquarters on the site. Substantial modifications to the depot had been made since it was built in 1925. The last passenger train had pulled out of the depot in the late 1950s, and although the building continued to be used as a switching facility for some years thereafter, it had stood unused for several years prior to the time Third National purchased it and the surrounding 6.7 acres of land for about \$2 million.

Glass in the windows had to be replaced with modern, energy-efficient panes, but window sizes and the original grids were left unchanged.

Massive changes were required inside, however. "The lobby had been quartered off into office areas so we opened all of that back up and made the old depot lobby our lobby," Mr. Jones says. "We retained the original marble."

Roll-top desks and teller windows help to capture the motif of the 1920s, and although the original chandeliers used in the depot lobby were damaged or lost over the years, new chandeliers, made in Germany, resemble the originals.

One concession to modernity is the bank's heating/air-conditioning system. As a central data processor for banks in Kentucky and West Virginia,



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Divestiture of Unwanted Branches Is Specialty of Investment-Banking Firm

BANKERS are learning that regulator-ordered branch divestitures as a condition of a merger or acquisition can be complied with profitably.

Realizing "premiums" on divested deposits can combine with banking-premises appreciation to result in pleasurable compliance with regulatory mandates, say the people at Ryan, Beck & Co., West Orange, N. J., investment bankers. One of the firm's specialties is assisting financial institutions with branch divestitures.

When interstate banking arrives, observers feel such required sales will become even more frequent in the resulting wave of restructurings.

Reasons for selling one or more branch offices go beyond regulatory bounds and can make sense from a sound business standpoint.

Most banking organizations lack the time and manpower needed to conduct their own branch sales, and they seek outside help. Having an intermediary conduct these specialized transactions has advantages, according to Fenwick H. Garvey, Ryan, Beck executive vice president, especially since such transactions can be disruptive to an institution's day-to-day routine if done internally.

Difficulties associated with negotiating with correspondents, competitors and friends alike can compromise a seller's ability to achieve maximum results, Mr. Garvey says. Saying "no" to a friendly competitor that may have trouble obtaining regulatory approvals is a difficult problem. The decision not to allow an overly aggressive competitor to purchase an office also must be handled with care.

How does a bank proceed when it has to sell one or more branches? Some of the things that must be done:

- Identify potential purchasers.
- Determine the value of the branch as a package.
- Choose the method for conducting the sale that will optimize results.

Making a determination to either conduct a competitive-bidding process or deal privately can be difficult. The answers to questions such as "What are the tax considerations?" "What be-

comes of the branch's employees?" and "What are the unknown problems that might arise?" aren't readily apparent to the uninitiated, Mr. Garvey states.

Reasons for selling one or more branch offices go beyond regulatory bounds and can make sense from a sound business standpoint. To the seller, the two biggest advantages are the opportunity to realize capital appreciation on fixed assets and receive a "premium" on transferring deposits. Values different buyers impute to an assembled deposit base vary, but in most cases can represent significant dollars. Premiums paid on deposits have reached as high as 20%, Mr. Garvey says.

"What other type transaction can generate profits, improve capital ratios and reduce operating expenses?" he asks.

Ryan, Beck recently concluded the sale of 34 offices of Virginia National, headquartered in Norfolk, and First & Merchants National, headquartered in Richmond, when the parent HCs of the two banks merged to form the state's largest HC. "That sale was a classic example of the benefits of conducting a competitive auction," Mr. Garvey says. "We used our proved marketing technique to the satisfaction of sellers and buyers.

"It's not the same as selling real estate," he notes. "We've seen several transactions that appeared as though that's what was done. Premiums generated were a far cry from what our normal experience has been. If you're going to sell a branch or branches, do it in a professional way because you have only one chance to get it right." Mr. Garvey knows of what he speaks: He pioneered the branch-sale concept in New Jersey and has conducted more than 150 such offerings on a competitive-bid or direct-negotiated basis.

Why Sell? "Today's economic environment makes the evaluation of each branch's performance more critical than in the past," says Richard Wines, president of Ryan, Beck's Philadelphia subsidiary. "Managing bottom-line results can lead to a decision to sell one or more offices. A branch may not have obtained its original deposit goals or it may be too distant from the rest of the branch system to have adequate name recognition. In the lat-

ter case, it may be an administrative burden or its media coverage may become too costly. The decision to sell in those cases makes good sense."

Why Buy? If a branch isn't profitable to one bank, would another institution be interested in it? "Definitely," says Robert J. Schoen, Ryan, Beck senior vice president. "Would-be buyers are in a position to fill in their market coverage." He sees several reasons why the buyer is in a better position to make a branch profitable. "The buyer usually purchases a branch with the right 'fit' in his market or uses the opportunity to expand into new market areas. In addition, the buyer

If you're going to sell a branch or branches, do it in a professional way because you have only one chance to get it right.

assumes deposits and isn't saddled with long-term fixed-rate assets. This is the most unusual aspect of branch sales, the buyer receives *cash!*"

The going rate for branches today, at least on a premium-on-deposits basis, often is higher than the going rate for the outright purchase of a bank. "The reason," Mr. Schoen says, "is that the buyer is purchasing the right to do business in a given location along with the deposits. On the asset side, the buyer has maximum investment flexibility with the cash received."

Ryan, Beck's approach to conducting a branch sale represents the "state of the art," according to Mr. Schoen. The firm performs the work for its clients on a fee basis. This includes identifying and contacting potential buyers and researching cost and business patterns of the branch or branches being sold. The firm then prepares a detailed offering-document agreement and conducts the actual sale.

Mr. Garvey provides additional perspective, saying, "We determine who the potential buyers are, using four basic criteria:

- Can the buyer afford it in terms of capital?
- Are there antitrust considerations?
- Is the branch logistically feasible

(Continued on page 28)

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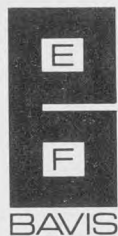


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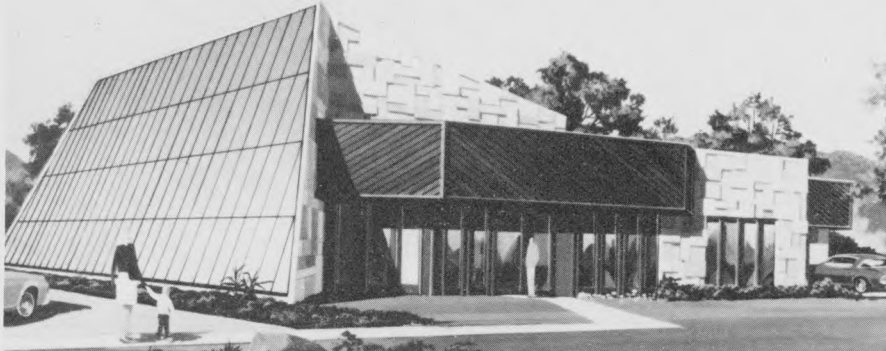
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Solar Installation Cuts Heating Costs



First Nat'l, Bangor, Wis., recently installed a Sunzell Air-to-Air solar-heating system that is expected to provide almost 60% of the building's annual energy requirements for heating, which amounts to an annual savings of \$2,000. The system consists of 90 collectors totaling 1,674 square feet and utilizes a complete system concept that includes collectors, an air-moving unit and automatic controls. System circulates air rather than liquid through collectors, which eliminates problems such as freezing, leakage, rust and corrosion. Research Products Corp., Madison, Wis., is manufacturer.

to the purchaser?

• What has the purchaser bid in past bank mergers, acquisitions and branch sales?

There usually is a good indication as to what that branch is going to command in terms of price once the interested bidders have been identified.

Other Considerations. "The pricing of the branch," Mr. Garvey says, "is greatly contingent on tax considerations and the potential buyers of the branch. Other considerations include how close the branch is to the nearest office of the seller and what are the contractual provisions of the sale. Are you just selling a list of depositors and fixed assets, or are you actually selling deposits with an anti-solicitation clause saying that the seller will not solicit those accounts expected to transfer?"

"Transferability of deposits and market attractiveness are the major criteria that ultimately establish whether a branch is going to command a high or a low premium," he says.

Fixed Assets and Goodwill. "It's important to stipulate the sale value of fixed assets," Mr. Garvey says. "A bank can capitalize them, of course, but if it doesn't stipulate values at the outset, their real worth becomes questionable. The bank might wind up arguing about it later with the Internal Revenue Service. We take appraisals based on the fact that the branch is a going concern, which allows the bidder to bid a true fair-market value, as opposed to a replacement-cost value of fixed assets.

"How much of the purchase price is attributed to goodwill and how much to fixed assets and other tax-deductible and potentially capitalized items become important issues," he adds.

"There are differences between tax considerations and regulatory considerations of these transactions insofar as intangible assets are concerned. Intangibles such as anti-competitive agreements, employees in place and depositor lists are tax deductible as long as they're specified in the sales agreement. However, in the past, regulatory agencies have considered these intangibles to be goodwill, and therefore required they be written off against the buying bank's capital. This position seems to be changing in Washington, and some goodwill, such as the value of core deposits, now may be capitalized."

People Are Important. The importance of employees to the performance and personality of a branch — especially in a residential retail operation — is stressed by Mr. Wines. He says that, most often the buyer is guaranteed, in the sales agreement, the right to solicit current employees. "Typically," he says, "these employees will have the option — if they are near vesting in the pension plan — of staying with the seller. But in most cases, they transfer over."

"One of the most difficult personnel considerations is pension benefits and what the bank will stipulate in the procedure of sale. This often doesn't get as much attention as it deserves," Mr. Wines says.

The Offering Memorandum. First, a feasibility study of the seller's expected pro-forma results is prepared, utilizing various sales structures and methods, including an analysis of the resulting estimated premium, capital adequacy, income and expense, liquidity and asset/liability mix.

After all the homework is done, Ryan, Beck puts together an offering

document — really a catalog of the branches to be sold. Included are a description of the branches, with color photos; a listing of the equipment and furnishings; a description of the market area, with maps and locations of existing competition; details of the trends and types of deposits; detailed revenue and expense data; a description of employees; information on internal systems and procedures, including the scope of computerization; and the amount of business influenced by the bank's directors.

By the time this document is completed, the firm has identified potential buyers and to whom the document will be sent. Buyers tour the branch or branches they are interested in much the same way as a potential home buyer looks at a house.

The Sale. "How the sale is organized is as important as how it's structured," Mr. Schoen says. "The sales effort should be directed at those institutions that have the most logical interest and are qualified to purchase the office."

"It takes considerable management time to analyze the offering memorandum. It's necessary to go to the bank's executive committee, the board and everyone else to get the authorization to do it. Why go through all those headaches and tie up your senior-management time if there is little chance of success?"

"We generally follow a sealed-bidding procedure," Mr. Schoen says, "where potential buyers deliver bids by a specified time. A CPA firm opens and records all bids while we make sure they conform to the sales proposal — we don't want caveats attached that might change the value of the bid. After the analysis is complete, we award the winning bid and notify all the parties."

In some transactions, especially larger ones, Ryan, Beck has the seller prepare a contract and includes it in the bid brochure. Otherwise, contract talks begin after a bid is awarded.

Mr. Garvey has experienced a few rough sales. Once, there were no bidders for a particular branch. He says that was an unusual case and a buyer quickly was found for the office. He says his easiest sale was one that involved only two phone calls to complete.

Ryan, Beck is in the process of conducting branch-sale seminars nationwide and will provide information to interested institutions. ● ●



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MCB 10-83

Redesigned Record-Center Operation Prompted by Floodwater Threat

By Jim Mayo, Vice President, and John White, Records Officer,
Deposit Guaranty National Bank, Jackson, Miss.

A FLOOD that threatened the records of Deposit Guaranty National Bank (DGNB) in 1979 prompted the bank to initiate its current records-management program.

Prior to that time, the bank kept its old but needed records in two off-site warehouses. When flood waters rose to six feet in one of the buildings, the bank was forced to find another site for records storage, even though records had not been water damaged.

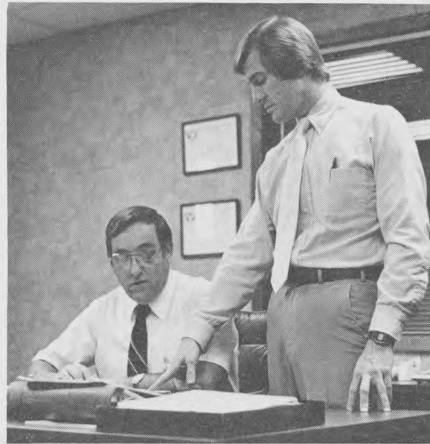
Construction of a new building to house record-keeping, purchasing and surplus equipment offices was already in the planning stage. The flood served as a catalyst to get the project off the ground.

It was decided to design a centralized record center and a more efficient record-keeping system at the same time. A second objective was to eliminate as many unnecessary records as possible.

Several problems existed with the old warehouses and record-keeping system. Neither building had heat, air conditioning or dehumidifying equipment, so records were not adequately preserved. Boxes were grouped by department and content descriptions were written on the boxes. Every department had keys to the warehouses, so security was limited.

We spent about six months visiting various banks around the area, studying their record-center operations and record-keeping systems. All banks visited organized their records by sections or departments as we had done. But a departmental organization requires more storage space and more time to retrieve records as well as minimizing security. DGNB wanted to use a random filing system that would allow the bank to use space more efficiently, maintain security of information and retrieve information quickly.

After several phone calls, we found the company that could provide the technical assistance necessary to design and install the system we wanted. That company is Southern Vital Record Center, an information-management/protection company with 20 years' experience in designing record-



Authors Mayo (l.) and White review Deposit Guaranty Nat'l departmental-retention schedule to determine access restrictions before retrieving records from bank's record center.

keeping systems for financial institutions. Southern Vital, based in Flora, Miss., wrote all the procedure manuals, designed camera-ready forms, advised us on the best methods of implementing an improved record-keeping system, designed and installed shelving for the new center, conducted training sessions for our personnel and even helped inventory records.

The first order of business was to separate all records in existing warehouses by department and stack them according to container size. Then we inventoried each department's records, using descriptions on the containers, since it was impractical to study the contents of each box. Each container was coded by the initials of the responsible department and consecutive numbers. When the inventory was completed, there were approximately 4,000 containers stacked four or five high on pallets, grouped by container size and department.

Inventory lists were circulated to each department and indications were made about records that could be destroyed. Retention schedules also were developed for each department.

This process enabled DGNB to streamline its record-keeping operation and materials significantly and

make more efficient use of available space. A silver-recovery company was asked to destroy an estimated 5,000 rolls of old microfilm and purchase the silver.

It took about six months to eliminate the unnecessary records and label and shelve remaining containers. Part of this time was spent repairing damaged containers and records, particularly those of the trust department, which date back to the bank's organization in 1925.

By October, 1980, all equipment was installed and every record container was inventoried, labeled, indexed and shelved. Air conditioning and dehumidifying equipment were installed in areas containing sensitive records and alarm systems were added to detect intrusion, fire and other disturbances as well as to alert the proper officials.

DGNB's record center includes approximately 30,000 cubic feet of storage space for hard-copy records. Paper records are segregated by container size — check-size containers; one-cubic-foot containers for letter-size, legal-size and computer-printout records; and over-sized containers for odd-size records such as ledgers. A separate room of about 4,000 cubic feet is used for storage of microfilm, microfiche and computer tapes. The latter are kept in a fire-resistant safe and rotated daily.

Each container is labeled by department name, contents description, alpha-numeric range, record dates, location/container number and destruction date. Labels are placed on the side of the container facing inward so that, for security purposes, only the location and container numbers are visible from the exterior. Containers are stacked two high on special shelving that allows storage of four containers per location number. When a box is retrieved, it can be replaced without having to remove and replace other containers.

To retrieve information, a department completes a record-retrieval-request form and sends it to the record center. The appropriate record con-

(Continued on page 40)

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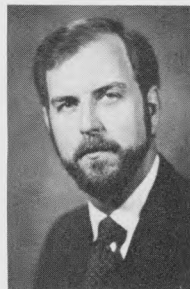
Dammrich and Seymour Get New IBA Posts

CHICAGO — Thomas J. Dammrich has been named senior vice president and Jack Seymour vice presidents of the Illinois Bankers Association.

Mr. Dammrich's new title carries with it overall managerial responsibility for all IBA non-legislative functions and programs. In this capacity, he functions as principal assistant to Executive Vice President William J. Hocster. He joined the IBA as education director in 1978 and was promoted to vice president in 1980. Before going to the association, Mr. Dammrich was assistant director of housing/administrative assistant to the dean of the



DAMMRICH



SEYMOUR

Graduate School of Business, DePaul University, Chicago.

Mr. Seymour has assumed responsibility for researching and developing broad policy issues in all areas in which the IBA is involved. He also monitors the IBA's legal affairs, particularly as they relate to involvement with external legal consultants.

Before joining the IBA in January, 1982, Mr. Seymour was director, Department of Financial Institutions, in Illinois. At one time, he was chief of staff for the Illinois Electronic Funds Transfer Systems Study Commission and wrote the commission's report that was the basis of Illinois' EFTS law.

Bette B. Perna has joined Bank & Trust Co., Arlington Heights, as senior vice president/cashier, community banking department. She formerly was with American National, Chicago, as vice president, commercial banking department. Cynthia B. Hagedorn has been appointed assistant vice president/personnel director at the Arlington Heights bank. Vice President Robert T. Lincoln has been named department head in the commercial-banking area.

36 new banks

ALBERS



C. Hugh Albers has been named vice president/correspondent banking division, Drovers Bank, Chicago. He formerly was assistant vice president, First National, Chicago.

Elm Bancshares, Inc., Elmhurst, and Marine Corp., Milwaukee, have signed a definitive agreement whereby Marine Corp. will provide additional capital funds to Elm Bancshares for future expansion and general corporate needs through purchase of stock and subordinated debentures. The agreement calls for a total investment of approximately \$4.9 million, which includes purchase of 4.9% of Elm Bancshares common stock and \$4 million in 10-year subordinated debentures with mandatory stock-purchase contracts. In addition, Marine Corp. and Elm Bancshares have entered into

New Collection Process

SPRINGFIELD — Illinois has started a new process to accelerate channeling of state utility-tax collections into interest-bearing state accounts. In cooperation with the Illinois Revenue Department, State Treasurer James H. Donnewald has contracted with American National, Chicago, to operate a lock-box collection/processing facility for the state. The bank was the successful low bidder from nine major Chicago banking institutions bidding on this process.

Under a 1982 law accelerating payments of utility taxes by major public utilities of Illinois, four-times-a-month payments are to be made to this facility. The Revenue Department indicates there are 59 Illinois public utilities that fall under the accelerated-payment requirement laid down in Public Act 82-1043.

About \$600 million a year in utility taxes should be collected under this new procedure, representing perhaps 90%-95% of such taxes collected annually.

a license agreement. Elm Bancshares is a \$300-million bank HC that owns Elmhurst National. The latter has

promoted George T. Necas to vice president, trust/investment division, and Charles C. Kaiser to assistant vice president, corporate banking division. Mr. Necas went to the bank in 1981 and Mr. Kaiser in 1982.

Barbara B. McNear has been named head of the communications department, First National, Chicago. She had been vice president of advertising/public and consumer affairs, Fireman's Fund Insurance Companies, Navato,

New Facility Opened



C. Andrew Lawrence, pres., Bank of Northfield, cuts the ribbon to open the bank's new office in the Willow Hill Executive Center. Assisting Mr. Lawrence is Karen Holway, the new facility's mgr.

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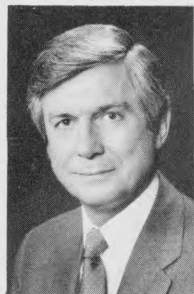


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Calif., since 1980. From 1974-80, Ms. McNear was vice president/public relations, Harris Trust, Chicago.

First National, Columbia, has announced a proposed merger with Magna Group, Inc., Belleville (formerly First Bancorp of Belleville, Inc.). Magna Group is comprised of Bank of Belleville, Dupo State Savings Bank, Fairview Heights Community Bank, First National, Belleville, and Illinois State Trust, Belleville.



TAYLOR



BOTTUM

David G. Taylor has been named a vice chairman, Continental Illinois National, Chicago, and **Edward S. Bottum** was elected a director. Mr. Taylor, who was an executive vice president, heads the bond/treasury services department and is treasurer of Continental Illinois Corp. He now reports to Roger E. Anderson, chairman/CEO. Mr. Bottum, also an executive vice president and formerly head of trust/investment services, has joined general banking services. He will assume responsibility for that area at the end of the year on the retirement of **Edward M. Cummings**, executive vice president, who currently heads general banking services. Succeeding Mr. Bottum as head of trust/investment services is **Roger H. Sherman**, senior vice president. Most recently, he headed the western states group, U. S. banking department. In other action, **Gail M. Melick**, executive vice president of the HC and bank, has taken a leave of absence for medical reasons and will retire at year-end. He joined Continental in 1952 and spent his entire career there in the operations area. Mr. Melick's responsibilities have been assigned to other senior-management members.

Continental Illinois Corp., Chicago, has announced a proposed offering of 1.5 million shares of adjustable-rate preferred stock with an aggregate stated value of \$75 million, or \$50 a share. The preferred shares are part of a three-million-share shelf registration filed with the Securities and Exchange Commission that became effective August 24.

Donald L. Raiff has been promoted to senior vice president/treasury department, Northern Trust, Chicago, which he joined in 1978. Since last January, he has headed that department's staff and is responsible for tactical asset/liability management. In 1981, Mr. Raiff was named both vice president/senior economist and head of the economic research department. Northern Trust also has elected these vice presidents: **Edward A. Caponigro** and **Glenn W. Proud Jr.**, cash management division; **Robert W. Wiarda**, international department, Latin America division, and **Barry L. Kaufman**, foreign exchange division, treasury department.

INDIANA

First State, Decatur, observed its 100th anniversary recently with a week-long celebration, which was kicked off with a ribbon-cutting ceremony officiated at by Lieutenant Governor **John Mutz**. Also attending were city, county and state officials, bank directors and senior officers. A brunch followed. During the anniversary week, employees at all offices dressed in 1880s styles. Refreshments were served, and a banner placed across North Second Street informed passersby of the centennial. The main-



Ribbon of dollar bills is cut at First State of Decatur's 100th anniversary by Indiana Lt. Gov. **John Mutz**. Pictured, l. to r., are: Decatur Mayor **Harold Miller**; First State director **Jim Price**; First State Pres. **Ronald Slater**; Lt. Gov. **Mutz**; First State Ch. **E. E. Rydell**; Indiana State Rep. **Barb Engle** and Adams County Circuit Court Judge **Robert S. Anderson**.

office lobby displayed old pictures and other bank memorabilia. Giveaway items commemorating the anniversary date included clipboards, large \$100 bills, penny folders and balloons. Drawings for 100 Eisenhower silver dollars were held each Friday for six weeks, capped by the giving away of three cash prizes of \$300, \$200 and \$100. A special supplement to the Decatur *Daily Democrat* appeared one Friday and included a history of the bank and many old and new photos.

Midwest Commerce Banking Co., Elkhart, has elected four new vice

presidents: **Elizabeth A. Davis**, credit card department; **James W. Stine**, also controller; **Glorya M. Hornell**, also personnel director, and **W. Craig Lester**, commercial loans.

Lincoln National, Fort Wayne, has added **Walley Agriculture Services Department**, a farm-management group, to its trust financial services division. In addition, **Dean E. Lichtensteiger**, **William J. Marshall** and **Harold W. Wollenhaupt** were promoted to agriculture service officers. Mr. Lichtensteiger is manager of the department. Messrs. Marshall and Wollenhaupt have been with the Walley group.

MICHIGAN

Manufacturers Bank, Detroit, Celebrates 50th Anniversary

Manufacturers Bank, Detroit, celebrated its 50th anniversary with a special contest, downtown lunchtime concerts and displays of antique mechanical coin banks and historic photographs.

As part of the customer-appreciation program commemorating the 50 years the bank has been in operation, customers received rub-off entry tickets that enabled them to determine immediately whether they were contest winners. Prizes included calculators and personal computers.

A number of musical groups are scheduled to perform in behalf of **Manufacturers National** during September and displays of antique mechanical coin banks and historic photographs are to be displayed for the public at no charge.

The bank also is participating with **National Bank, Detroit**, and **First Federal of Michigan** — institutions also commemorating their 50th anniversaries — in a program that will make improvements on Detroit's Kennedy Square. Each bank is donating \$1,500 toward the project.

Manufacturers Bank is planning to publish a 50-year history soon. The bank, started by the late **Edsel Ford** in 1933 after the failure of a number of other banks, now has assets of \$4.5 billion.

National Bank of Detroit has announced the following appointments: **Richard L. Janisse** to second vice president/international division; **Gregory V. DiCenso** to assistant vice president, trust division, and **Patrick J. Ottensmeyer** to assistant vice president, national banking division.

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You expect decisiveness, too. At Continental, you get it. Credit requests don't go from committee to committee. They go directly to your account manager—the person who can say “yes” or “no” on most loans. You get a decision fast. From the person who made it.

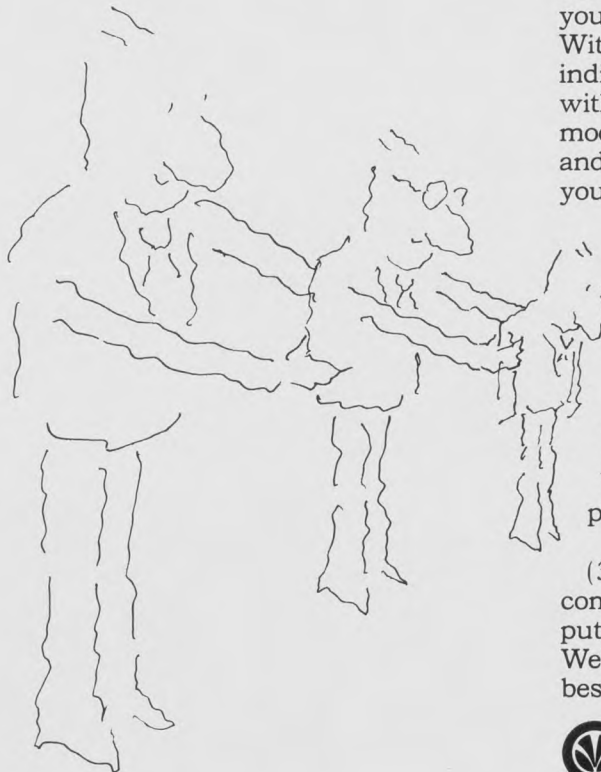
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E. Gerald Gale

MINNESOTA

Bremer Financial Corp., St. Paul, has changed the names of its 29 banks and 37 insurance agencies and agricultural credit companies to First American. The bank offices are located primarily in rural areas of Minnesota, Wisconsin and North Dakota.

13 Join Pioneer Club

Thirteen Minnesota bankers became members of the Minnesota Bankers Association Pioneer Club recently. Each received a plaque in honor of his 50 years of service to banking.

They are: Russell Hanson, Swift County Bank, Benson; S. R. Omlie, Klein Bancorp., Chaska; A. H. Stellner, State Bank, Cyrus; Edward N. Skone, First National, Deerwood; Clifford T. Baker, Martin County National, Fairmont; David E. Hanson, First State, Fertile; Mark G. Houle, First State, Hugo; Charles E. Palmer, Kasson State; Webster A. Fischer, Security State, Lewiston; V. R. Smythe, State Bank, Park Rapids; Roy E. Simms, Security State, St. Michael; Henry S. Dwan, Commercial State, Two Harbors; and Wayne Blackmarr, Wayzata Bank.

Joel A. Bleeke has been elected executive vice president/corporate planning and development, First Bank System, Inc., Minneapolis. He formerly was with McKinsey & Co.'s Chicago office.

OHIO

Bank Opens Branches In Kroger Stores

Home State Savings Bank, Cincinnati, opened its third and fourth Columbus facilities last month in unusual locations — Kroger supermarkets. The new offices are part of a financial-center network initiated in September, 1982, by Kroger Co. and Capital Holding Corp. to provide life insurance, mutual funds and individual retirement accounts in supermarkets. Capital Holding Corp. is a stockholder-owned insurance firm.

Home State Savings Bank now has joined that network by opening the new facilities, which offer a full range of banking services, including checking/savings accounts, IRAs, money-market certificates, 24-hour ATMs and commercial/consumer/mortgage loans.

Money Station ATMs Can Be Shared Throughout Ohio

CLEVELAND — The Fed has approved the sharing of automated-teller terminals among banks participating in Money Station, Inc., the new statewide electronic-banking network. This means millions of Ohio consumers soon can access their accounts through use of any participating bank's ATM throughout Ohio.

Principal members of Money Station are banks affiliated with National City Corp.'s "Money Center" facilities (Cleveland), Society Corp.'s "Super-

Banking" units (Cleveland), Fifth Third Bancorp.'s "Jeanie" network (Cincinnati), Interstate Financial Corp.'s Third National Bank "Green Machine" network (Dayton), Banc-Ohio Corp.'s "AnytimeBank" (Columbus) and First National Cincinnati Corp.'s "Tellerific" machines (Cincinnati).

These six financial institutions are the founding and principal members of Money Station, which will represent a consumer base of about 3,000,000 ATM card holders, in excess of 700 ATMs and approximately 150 participating financial institutions, including banks, S&Ls and credit unions.

WISCONSIN

Window on Community is Role Of Bank's Women's Council

WHEN the Women's Community Council of F&M Bank, Menomonee Falls, Wis., recommended that lighted flag poles be installed at the bank's Sussex and Lake-Five offices, it was a typical community-spirited gesture on the part of the council but hardly representative of its overall importance to the bank, says James O. Smith, marketing director.

Established in 1978, the council has advised the bank board on a variety of community and marketing issues, said Mr. Smith. F&M Bank has used the council as a sounding board on the pricing and design of new financial products it was planning to introduce. The 12-member council also has advised on how the bank could be of assistance to local hospitals and other community organizations.

In the case of the lighted flag poles,

members of one of the council's committees — Olive Litezau, Mae Lohman and Marie DeVillers — had noticed that other F&M Banks were graced with such patriotic flourishes. Their recommendation that the Sussex and Lake-Five offices also should have lighted flag poles was accepted.

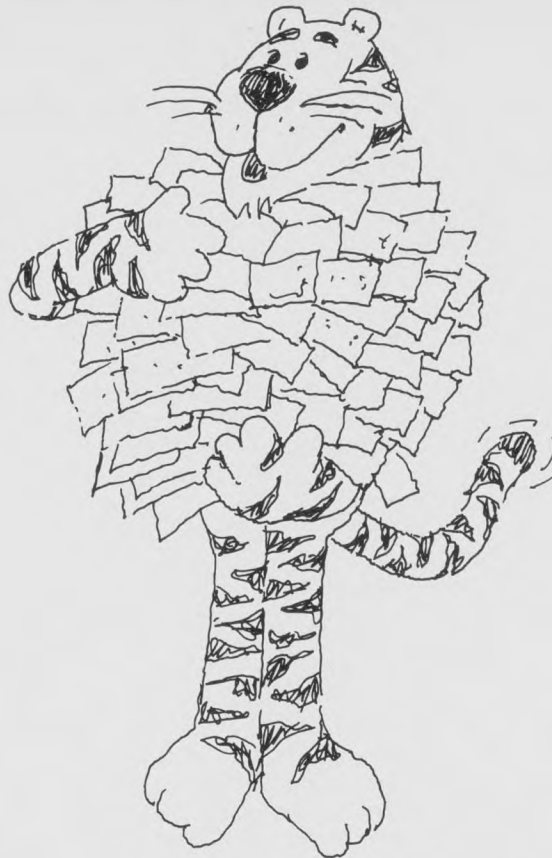
The Women's Community Council does not have veto authority over actions proposed by the bank's board, but it does have a lot of strength, Mr. Smith said. Past experience has taught bank directors and officers to listen to what the council has to say, he says.

In addition to the women's council, there also is a 12-member advisory council composed of men.

The women's council brings a fresh perspective to the bank, particularly on issues of concern to women, Mr. Smith maintains. Members come from

Officers and advisers at F & M Bank, Menomonee Falls, Wis., are (from l.) Howard C. Wurst, bank pres.; Eva Schmeichel, ch., Women's Community Council; Richard P. Klug, pres., F & M Financial Services Corp., the bank's HC; and Ronald R. Bast, ch., all-male Advisory Council.





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a variety of backgrounds and serve three-year terms.

No rule says that a council member recruited from one of the surrounding communities must be an F&M Bank customer. If a council member is not a customer when she/he joins, the bank strives to turn she/he into one, of course. There is a rule against council members succeeding themselves.

Women's Council President Eva Schmeichel is a human "dynamo" who is highly active in her husband's business and certainly no stranger to business issues or community involvement, according to Mr. Smith. Others on the committee also have backgrounds in business. Some are housewives.

No matter what a council member's background, F&M Bank tries to help her become acquainted with banking during her term. So successful has the bank been in this respect that other nearby banks planning to start their own women's councils have attempted to recruit women who have served on the F&M Bank council on the theory they possess a superior knowledge of banking, says Mr. Smith.

Council members are paid \$100 per meeting and hold meetings every other month. In between, they attend meetings of their individual committees.

Members of the council are not hesitant about expressing their views about bank policy. In fact, Mr. Smith says he occasionally considers an appearance before the bank's board to be less traumatic than an appearance before the women's council. At least, there is likely to be someone on the board who has assisted in the development of a program to lend support, he explains.

Council members have been helpful in spotlighting instances in which they feel they have not been properly treated by bank personnel and in conveying community misunderstanding about the cause of high interest rates and suggesting possible remedies, according to Mr. Smith.

The \$137-million F&M Bank is planning to expand to two new communities, Oconomowoc and Waukesha, and is considering whether it should start new councils in those areas or add representatives to the present councils from those areas. No decision has been made as yet, but Mr. Smith says the councils have been helpful in a multitude of ways, not only providing a window on the surrounding environment for directors and officers but shedding new light on many internal issues. — **John Cleveland**, assistant to the publisher.

Portraits Great Way To Build Customer Goodwill, Banks Say

FAMILY portraits given away to thank customers for their patronage stimulated an "unbelievable" response for Colonial Bank, Chicago, according to Olga Hynes, vice president/business-development manager.

"Our customers responded so positively," Mrs. Hynes says. "Some of them said they had not had a family portrait in over 20 years and we had many letters sent to the president of the bank thanking him for sponsoring such an event."

The response was so overwhelming that Colonial had to schedule three weeks beyond the two originally planned to accommodate everyone. During the promotion, a third, and ultimately, a fourth, photographer had to be brought in to handle the load. Mrs. Hynes estimates that as many as 2,700 portraits were taken during the promotion — far beyond what had been anticipated.

Many of the portrait sittings were scheduled for after normal banking hours — evenings or Saturday afternoons — because of the numbers of portraits involved and to accommodate families in which one or more members work. Finding officers to staff the extra shifts wasn't difficult, Mrs. Hynes claims. In fact, she had an overflow of volunteers for some shifts.

Colonial's officers generally appreciated the opportunity provided by the promotion to interact more intimately with customers. Whole families came to the bank dressed in their best clothing and Colonial's officers enjoyed chatting with them in the amiable, no-pressure atmosphere that the after-hours portrait sessions seemed to create. For their part, the families appeared to delight in the extra attention, according to Mrs. Hynes.

Photographers from PCA International, Inc., Matthews, N. C., were "amazing" in their handling of children, Mrs. Hynes says. She found it difficult to believe how easily they got kids to "laugh and giggle" while they were taking photographs.

The original portrait was given to the customer for free; additional portraits or copies had to be purchased. The finished portraits were "artfully displayed" in frames in the bank's lobby sometime after the portrait sittings and customers could come in and pick up their free portrait or place orders

for more. Salesmen at the display did not try to pressure customers into buying more photographs than they wanted, Mrs. Hynes adds.

"If a person came in and wanted his free portrait and that's all, that's all he received," she says.

A number of customers who selected only their free portrait came back later to order more. Apparently relatives and friends who saw the initial portrait praised it so lavishly, in some cases, that the customer was compelled to return for more copies, Mrs. Hynes theorizes.

The praise was justified in Mrs. Hynes' opinion. The color and overall quality of the photographs she saw were exceptional, she says.

Colonial did not think of the promotion as a "deposit-builder," says Mrs. Hynes, although she adds that there is nothing to prevent such a promotion from being used for that purpose. Colonial, however, genuinely saw the promotion as a means of thanking customers and building goodwill, she says.

Another bank affiliated with the \$250-million institution is planning to sponsor a similar promotion for the same reason around Christmas, she adds.

Family portraits are an ideal way to thank customers in a way they will remember, says Mike Neuman, assistant vice president of First Wisconsin National, Brookfield, which also has sponsored such an event. During difficult economic times, the first non-necessity likely to be cut from the family budget is a "remembrance" like a portrait, he says.

Like Colonial, First Wisconsin found it had to extend the length of the promotion to accommodate the surprisingly large demand. Mr. Neuman said he was grateful that the bank's lobby was sufficiently large that the photographer's area could be set up on one side where it did not interfere with normal bank traffic. Timing the promotion to coincide with the opening of a new branch helped to make the promotion a success, Mr. Neuman says.



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Heritage Wisconsin Corporation is a multibank holding company, one of nearly 200 financial institutions in 16 states that use Mellon's Datacenter Services.

"We went with Mellon originally because the cost of developing our own system would have been

overwhelming," says Kroeger. "Today that decision seems even wiser in light of the growth in assets and activity we've had since then. In my opinion, Mellon's on-line systems are absolutely the best available anywhere."

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Record Center

(Continued from page 30)

tainer is removed from its storage location and a copy of the request form is clipped to the shelving as a reminder that the container has been removed temporarily. One copy of the request form is filed and one copy is returned to the requesting department with the records. Records are delivered to bank offices three days a week, but urgent requests are handled immediately. Retrievals for out-of-town branches usually can be handled over the phone in a few minutes, or a photocopy of the record can be mailed to the branch.

Deposit Guaranty's record center stores about 10,000 containers or 11,600 cubic feet of hard copy records and a limited amount of microfilm and microfiche. A staff of two handles all storage, retrieval, microfilming and record destruction, so the record cen-



Jim Mayo, v.p. at Deposit Guaranty Nat'l, and Debbie Fisher, research analyst, Southern Vital Record Center, review record-retention laws and scheduling procedures outlined in "Guide to Information Retention for Financial Institutions," published by Southern Vital Record.

ter is inexpensive to operate. Documents that are microfilmed usually are those that need to be retained permanently or for an extended period. Because the record center has ample storage space, little microfilming is performed. Increased microfilming is anticipated during the next five to 10 years as the record center fills up. As many as 2,000 new containers are received each year and containers are destroyed as they come due. In 1984, the bank expects to destroy approximately 1,500 containers of outdated records.

A few problems still need to be resolved. Some areas are slow to write departmental-retention schedules, but this problem has been almost eliminated since no records are accepted unless a retention schedule has been developed. Without such a schedule to document when a department's records can be destroyed, affected records would have to be retained per-

manently.

DGNB's record officer works with departments to develop retention schedules, using the reference manual "Guide to Information Retention for Financial Institutions" as a basis. The guide, published last year by Southern Vital, gives step-by-step instructions for developing retention schedules as well as retention periods required by federal and state statutes and regulations. Once a departmental retention schedule is written, it must be reviewed and approved by DGNB's auditing and legal staffs.

Record-center personnel are helping each of the bank's branches in 23 Mississippi communities organize their records by DGNB's system so that, when the branches no longer need certain records, they can be sent to the record center for storage. As Deposit Guaranty expands its system through mergers, it's assisting new state banks in the development of compatible record-keeping systems.

Management support has been a key

factor in the development, implementation and successful operation of the record center. In particular, John P. Maloney, chairman/CEO, and E. B. Robinson Jr., president/chief operating officer, as well as others, provide ongoing support for the program. And professionals at Southern Vital still offer advice, assistance and expertise to ensure record-center effectiveness.

The record center is a critical support area to the operation of our institution. We expect the program will continue to improve efficiency and productivity throughout the Deposit Guaranty system. ● ●

Banking Scene

(Continued from page 6)

We must recognize that as S&Ls, credit unions, mutual savings banks and other organizations take on the panoply of commercial banks, they should have the same standards applied to them as are applied to commercial banks.

It formerly was said that single-purpose institutions were much simpler to operate and supervise than the more complex commercial bank and that may once have been true. Today, however, holding companies of other types of financial institutions are bringing together such diverse elements as discount brokerages, insurance sales and operations, travel agencies, data-processing service bureaus, consulting-management organizations, electronic-fund-clearing systems and in-home banking. Just as bank holding companies have become increasingly complex, holding companies of non-bank financial institutions have grown in complexity.

Will the financial examiners of tomorrow have the skills they need to properly examine the ever more difficult-to-analyze financial entities that are evolving?

The recent collapse of a significant financial empire in Tennessee involving federally examined insurance companies, finance companies, national banks, state-chartered banks and member banks demonstrates how imperative uniform, coordinated, astute, professional state and federal supervision of financial institutions has become. So far, we have not gotten supervision of the quality we need. ● ●

The "Encyclopedia of Banking and Finance" eighth edition has been released by Bankers Publishing Co., the first revision in the comprehensive reference text in a decade. Nearly 4,000 entries cover banking, business and investment topics with extensive cross-references to related terms and regulatory and legal considerations. Professor F. L. Garcia, B.S., M.A., J.D. and LL.M., chairman of the Department of Finance at Fordham University, edited the latest edition of the encyclopedia. He has been in charge of editing the encyclopedia for over half the 60 years it has been published. Copies may be ordered for \$89 through a wholesaler or directly from Bankers Publishing Co., 210 South St., Boston, MA 02111.

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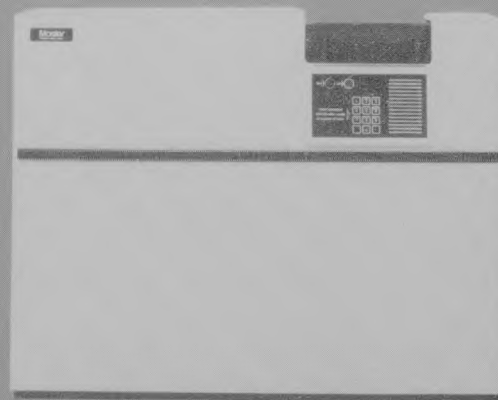
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Underneath is traditional Mosler reliability—features like non-contact carrier sensors, solid-state electronics, weatherproof controls.

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Retail Banking Deposit/Credit Trends Sketched by ABA Annual Reports

DESPITE obstacles such as customer resistance, servicing costs and state usury ceilings, consumer awareness of variable-rate loans is on the upswing and banks are more interested in offering them, according to one of two new reports available from the consumer financial services group of the ABA.

In the first quarter of 1983, more than 12% of mid-size banks offered variable-rate loans — up from less than 6% in 1982 — and the percentage of large banks offering them grew from 10.3% to 17.8% in 1983, the “ABA Retail Bank Credit Report” says.

The “ABA Retail Deposit Services Report” cites expansion of automated services, market segmentation and product and service re-pricing and re-design as strategies banks will be following to meet today’s competitive challenges.

Many of the developments reported by the two annual retail-banking surveys reflect discussions at this year’s first ABA National Retail Banking Conference in Atlanta last April. At peer-group sessions at the 1983 conference — before the two retail surveys had been tabulated and reported — bankers agreed that loan and deposit maturities must be better matched for profitability. They also predicted that variable-rate lending would become more prevalent now that rates paid on all time deposits fluctuate with the market. The ABA credit report says that despite the obstacles to the spread of variable-rate lending, a significant proportion of mid-size and large banks — 23% and 30%, respectively — acquired new computer software to accommodate processing of variable-rate loans.

The ABA deposit-services report says that nearly all banks now are offering money-market deposit accounts and almost nine out of 10 offer super-NOW accounts. On average, slightly more than two thirds of the funds deposited into these accounts at the banks surveyed came from interest-bearing accounts within the same bank.

Among other findings included in the two reports:

- Banks held slightly more than 44% of all consumer installment debt in 1982, amounting to \$344.8 billion, and extended 46% of new loan volume in 1982 — up 2% from 1981.

- Average size of an installment loan in 1982 increased to \$5,521. Student loans and second-mortgage loans partially accounted for the rise, and the average size of a direct auto loan was up from \$5,097 in 1981 to \$5,397 in 1982.

- Overall average consumer loan loss based on outstandings was .67% for all loan types, 1.26% on a volume basis and 1.28% based on liquidation.

- Despite record fraud losses in 1982, bank card operations are returning to profitable status, with more than 70% of all banks reporting profits on Visa and MasterCard operations last year. More than half of all banks surveyed indicated they would promote credit cards in 1983.

- Retail package plans have grown in popularity over the year among larger banks. Single monthly fee, multiple-service packages were offered by 44% of large banks in 1982 — up from 34% the previous year — and 27% of community banks with \$100 million or less in deposits.

- Deregulation is driving up bank costs and forcing re-pricing of services. Large banks are the most likely to charge for services like stop-payment orders and depositing bad checks. Services for which community banks are most likely to charge are check cashing for non-customers and notary public service. Most banks are charging fees on savings accounts, but 8% of all retail transaction accounts are still free to the customer.

- Nearly two-thirds of all bank IRAs are fixed-rate accounts, 17% are variable rate with no ceiling/minimum and 12% are variable rate with a minimum interest-rate payment guaranteed. The remainder primarily consist of variable-rate accounts with a fixed upper ceiling. Fixed-rate IRAs are divided almost evenly between those with 18-month maturities and those maturing in 30 months.

A representative national bank sampling is done annually by the ABA consumer financial services group, with 528 banks responding to this year’s credit survey and 480 to the deposit-services survey.

Detailed tables of the two surveys’ results are presented within five categories of bank size and by geographic region. A management summary is included in each report.

Both reports may be ordered for \$35

(\$52.50 for non-members) from Order Processing, ABA, 1120 Connecticut Ave., N.W., Washington, DC, 20036. The credit report is listed under stock number 201000 and the deposit-services report under 201100.

New Bank Program Helps Customers Save on Phone Bills

Certain customers of Louisville’s Citizens Fidelity will be able to save on long-distance calls, thanks to a new program introduced recently by the bank. In conjunction with TelaMarketing Communications, Inc. (TMC), a telephone-services firm headquartered in Tampa, Fla., Citizens Fidelity offers long-distance service to customers with checking or money-market-investment accounts.

With the new service, customers calling from the free calling area of Louisville have the ability to save up to 40% on their long-distance phone bills. The service provides customers with the same quality long-distance phone service they have been receiving with the Bell System, but now with the enhancement of a WATS service.

The service allows customers to call anywhere in the continental U. S., except where prohibited by intrastate regulations, and talk as long as they want during the following hours: weekdays, 6 p.m. through 8 a.m.; weekends, 6 p.m. Friday through 8 a.m. Monday, and major holidays, 6 p.m. the night before until 8 a.m. the day following the holiday.

To use the service, customers need a Touch-Tone® phone, although a standard rotary-dial phone may be used if an adapter is purchased. TelaMarketing Communications issues customers an access number and personal security code, as well as a universal access number so calls made outside the local area can be billed to their TMC accounts.

The monthly membership fee and charges for long-distance calls are deducted automatically from a customer’s account. TMC provides customers with monthly statements of their long-distance calls and membership fee 10-15 days prior to the accounts being debited.

Citizens Fidelity has the exclusive right to offer this service to its customer accounts and to financial entities in Kentucky and southern Indiana. In the future, the bank will help various financial institutions provide telephone service to those institutions’ customers.

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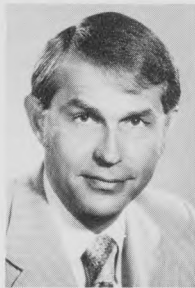
With growth has come industry recognition. InnerLine has won the endorsement of the Independent Bankers Association of America and has been named "product of the year" by the Associated Information Managers.

We would like to pay special tribute to those prestigious InnerLine associates whose services and support have added greatly to our success: Whittle Raddon Motley & Hanks; Powers Research, Inc.; Long, Inc.; Littlewood Shane & Company; Citibank, N.A.; Manufacturers Hanover Trust Company; Disclosure, Inc.; Ernst & Whinney; Arthur Young; Independent Bankers Assn. of Georgia; Illinois Bankers Assn.

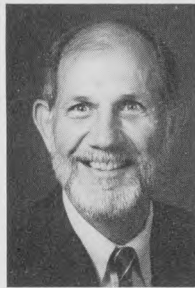
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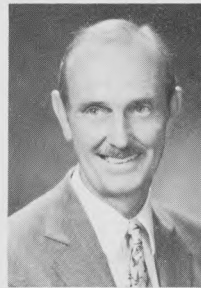
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William F. Ford left the presidency of the Atlanta Fed October 1 to join First Nationwide Financial Corp. and its wholly owned subsidiary, First Nationwide Savings, both in San Francisco. Mr. Ford now is president/chief operating officer of both. Mr. Ford joined the Atlanta Fed in 1980, going there from Wells Fargo Bank, San Francisco, where he was senior vice president/chief economist. Before that, he was with the ABA in Washington, D. C., and once was on faculties of the University of Michigan and University of Virginia.

Randall C. Sumner and **Michael T. Moriarty** have received new appointments at the St. Louis Fed. Mr. Sumner has been named vice president in the bank supervision/regulation department, and Mr. Moriarty was promoted to vice president in charge of the cash/securities departments. In

addition, **Paul I. Black Jr.** was promoted to vice president/manager, Memphis Branch. Mr. Sumner, with the Fed since 1976, now has responsibility for credit-discount, bank and bank-HC surveillance, consumer/community affairs and trust examination. Most recently, he was vice president/manager, Memphis Branch. Mr. Moriarty, who had been assistant vice president/assistant manager, Little Rock Branch, joined the St. Louis Fed at its Memphis Branch in 1961. Mr. Black also started at that branch in 1958 and, since 1969, had been its assistant vice president/assistant manager.

Christopher L. Crawford has been named director of the ABA's operations group, moving up from associate director. He succeeds **Charles F. Bates**, who has joined the Atlanta-based research/consulting firm, Elec-

tronic Banking, Inc., as executive vice president/general manager.

Robert G. Dederick, under secretary of commerce for economic affairs, Washington, D. C., is joining Northern Trust, Chicago, in mid-October as executive vice president/chief economist. As under secretary, he was chief economic adviser to the Secretary of Commerce. Mr. Dederick joined the Commerce Department in May, 1981, as assistant secretary/economic affairs and became under secretary in August, 1982. Before going into government service, he was senior vice president/chief economist at Northern Trust.

ABA Ag Bankers Convention To Be in Los Angeles

For the first time in its 32-year history, the ABA's National Agricultural Bankers Conference will take place on the West Coast — at the Bonaventure Hotel in Los Angeles.

"Today's Problems . . . Tomorrow's Opportunities in Agribanking" is the theme of the conclave, scheduled November 13-16. Fred W. Greer, senior vice president, Citizens & Southern National, Atlanta, is conference planning-committee chairman.

Arkansas Senator **David Pryor** and **Gordon Van Vlaeck**, California's secretary of resources, will address the conference along with new ABA President **C. Robert Brenton**, president of Brenton Banks, Des Moines, Ia. Mr. Brenton will lead off the program with a panel of *Newsweek* reporters who will provide insights into current domestic and international economic events shaping world news.

Other speakers include **Walter Minger**, senior vice president, Bank of America, San Francisco; **Arlen Tengwell**, senior vice president, Norwest Corp., Minneapolis; and **Alan Tubbs**, president, First Central State, DeWitt, Ia.

Internat'l-Relations Area Monitored by New OCC Unit

AN international relations/financial evaluation unit has been established by Comptroller of the Currency **C. T. Conover**, with Deputy Comptroller **Robert R. Bench** as its head. He reports directly to **H. Joe Selby**, senior deputy comptroller for bank supervision.

The new division permits the Comptroller's Office (OCC) to identify and respond more effectively to risks posed to the national-banking system by international events and conditions. Specifically, the division:

- Develops and maintains systems for data collection/processing, country monitoring and analysis and analyses of U. S. banks' international risks.
- Fosters the OCC's relationships with U. S. government and multi-lateral agencies and with the international financial community.
- Manages the OCC's relationships with bank supervisors in other countries.
- Identifies problems and recommends policies and appropriate actions regarding international exposure of U. S. banks.

Mr. Bench has been with the OCC since 1965. In 1982, he was appointed deputy comptroller for international banking in the multinational group. This group is responsible for supervising consolidated global operations of the largest U. S. national banks, as well as federally chartered branches and agencies of foreign banks operating in this country.

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BMA/ABA Merger Approved By Overwhelming Vote

THE MERGER of the Bank Marketing Association into the ABA took place November 1 following overwhelming approval of the proposal by the BMA. The merger plan, first announced last July by the BMA's board, was adopted by BMA members on a vote of 2,103 to 78. As a result of the vote, the BMA has become the ABA's marketing arm.

To win approval, the ABA affiliation plan required two-thirds of those voting in person or by proxy at a special meeting of the BMA membership in the association's Chicago headquarters. More than 55% of the 4,177 eligible members in the BMA voted on a proposal to merge it into a new nonprofit Delaware corporation established by the ABA.

The new BMA leadership team is headed by Barry I. Deutsch, senior vice president/head of marketing and communications, Mellon Bank, Pittsburgh, who is serving as president for 1983-84. He succeeds Richard M. Rosenberg, vice chairman, Wells Fargo Bank, San Francisco.

The merger was hailed by ABA President William H. Kennedy Jr. as "an encouraging sign of a strong, successful future for both groups." Mr. Kennedy is chairman, National Bank of Commerce, Pine Bluff, Ark.

Bank's New Theme Urges Commuters To Take A 'Commercial' Break

BILLBOARDS and placards on buses and elevated trains are reminding commuters on Chicago's north side that it may be "Time for a Commercial Break."

The new advertising theme for Commercial National, Chicago, is intended to increase consumer awareness and sharpen public perception of the \$220-million institution, according to Mikki Holloway, vice president in charge of marketing and personal banking. Research during developmental stages of what for Commercial National was an unprecedented and aggressive marketing program revealed that the bank had low visibility and a fuzzy image, she explains.

"If our name was mentioned, people would say things like, 'Oh yes, they are a very good bank; I've heard of them,'" Ms. Holloway says. "But given the option of naming five banks, they didn't come up with us."

Moreover, the name Commercial National didn't remind people of a warm, personal approach to banking, research indicated. In some instances, people wandered in off the street needing to have a signature guaranteed by a "commercial" bank, indicating some confusion about the bank's name, says Ms. Holloway.

Through most of its history, Commercial National — founded in 1945 — primarily has been a savings bank, and in fact, still has a solid base of passbook savers. A new strategy, developed last

year when the banking industry was still on the threshold of deregulation, called for Commercial National to maintain its existing customer base while expanding its appeal to others who tended to bank elsewhere, according to Ms. Holloway.

Two target markets were identified. Admittedly, the markets — young, upscale, two-income families and older, affluent empty nesters — seem less of a novelty today than they did more than a year ago when Commercial National's research initially identified their potential, says Ms. Holloway. Almost every financial institution is aggressively pursuing them these days, she says. Commercial National remains undeterred, however.

During the past several months, the bank has put its personnel through an intensive customer-relations training program. As a result, personnel seem to feel more confident about their ability to deliver the level of service the new advertising program leads the public to expect, says Ms. Holloway. The training has prepared personnel to assist customers through the ever more confusing maze of investment opportunities they face, she says.

With the training program improving the quality of service available at Commercial National and the new advertising program gradually stimulating awareness in the surrounding community, Commercial National is preparing for the next phase of its mar-

ket-expansion program. New products designed to appeal to people within the two target market segments and those in between are being prepared for introduction by year's end, says Ms. Holloway.

"It's all well and good to claim that we can give you a break where you haven't had one in the past," says Ms. Holloway, "but we want to give a break in the form of a product that is valuable, easy to understand and well serviced — that is our next goal."

Located in a heavily ethnic neighborhood, Commercial National does not have a large base of people in the two target market segments from which to draw and competition from nearby banks is fierce, she says. But the bank's location at a well-traveled intersection is an advantage in that many people have to pass by on their way to and from jobs in downtown Chicago, she explains.

A number of young, two-income families live on the northern and northwestern periphery of Commercial National's traditional drawing area and they represent a potential market expansion opportunity, says Ms. Holloway. She adds that advertising in newspapers and on billboards and public transportation placards may convince those highly sought customers to stop by and see exactly how Commercial National plans to give them a break. — **John Cleveland, assistant to the publisher.**

Bank's New Handbook Lists Detroit Neighborhood Groups

Manufacturers Bank, Detroit, has published a 64-page handbook that provides information about energy conservation, mortgages, home-improvement loans, grant programs, legal resources and much more.

The "Third Detroit Neighborhood Handbook" also includes a comprehensive index of existing Detroit neighborhood organizations and a brief description of the history, meeting times and other facts about each group. Copies of the handbook are being made available free through all Manufacturers Bank Detroit offices.

"We believe that cooperation between neighborhood groups, the private sector and government is one of the keys to revitalization of Detroit," says Brenda L. Schneider, second vice president in charge of consumer and urban affairs. "We hope that the people and organizations working toward Detroit's renaissance will find the 'Third Detroit Neighborhood Handbook' a useful tool."

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RMA Conference to Feature Concurrent Sessions

"POOLS of Risk" will be just one of the topics to be on the program of the 69th annual fall conference of Robert Morris Associates October 30-November 2. Headquarters will be the Fairmont Hotel in San Francisco.

The keynote address, "Financial Conglomerates in the 1980s," will be given October 31 by Stephen T. McLin, senior vice president/director of strategic planning, Bank of America, San Francisco.

Also on October 31, the "Pools of Risk" panel discussion will be followed by concurrent panel sessions by bank size on the same topic. Banks will be divided as follows: those with assets under \$999 million; those with assets between \$1 billion-\$3 billion and those with assets of more than \$3 billion.

That same day, there will be concurrent sessions (to be repeated once) on: "Asset-Based Lending — You're Doing It, But Are You Doing It Right?"; "Micro-Computers and the Loan Officer"; "Loan-Quality Control — Conceptually, From Loan Review to Collection" and "New Call-Report Requirements — How They Affect Loan Policy/Loan Administration." Two other concurrent sessions October 31 will not be repeated: "The Outlook for Real Estate Lending" and the RMA/Omega program on commercial loans to business.

At the October 31st luncheon, the president's address will be given by Jack R. Crigger, executive vice president, American National, Chattanooga, Tenn.

On November 1, concurrent sessions will be held on: "Failure Predictors," "Problem-Loan Workouts," "International-Loan Rescheduling: Current Developments," "Country-Risk Assessment in International-Loan-Portfolio Management" and "Banking's Three Ds in the '80s: Deregulation, Disclosure and Dependency." These sessions also will be repeated.

A plenary session on "Divergent Views of Our Economic Future" will open the November 2nd program. Speakers will be J. Wahed, vice president/chief economist, Wells Fargo Bank, San Francisco, and Robert S. Enzig, vice president/controller, Transamerica Corp., San Francisco.

They will be followed by concurrent sessions on: "Managing for Realistic Profits in Difficult Times," "Loan Par-

ticipations — Up/Down and Agented/Agreement: Where Are We?"; "How Good Are We at Evaluating the Credit of a Bank?"; "A Reassessment of International Banking — a Regional Bank Point of View," "Loan and Credit Policy: Yesterday, Today and Tomorrow," "Business-Development Skills for Loan Officers," "Analyzing Captive Finance Companies," "Loan-Officer Evaluation" and "Loan Documentation — a Key to Success."

The day will be rounded out with a plenary address on "The Style to Come: Management in the '80s" by Olaf Isachsen, president, Institute for Management Development, Inc., Oakland, Calif.

Also planned are special activities and a spouses' program.

The conference will come to an end November 3 with the RMA president's reception and banquet. ●●

RMA Uniform Credit Analysis Seminars Begin This Fall

The Robert Morris Associates (RMA) Uniform Credit Analysis seminars again will be offered to RMA members and nonmembers.

Four open-enrollment seminars have been scheduled for the fiscal 1983-84 year. The first was held October 16-21, but others are set for November 13-18, February 5-10 and April 29-May 4. Each seminar will be held at the Xerox International Center for Training and Development in Leesburg, Va.

The Uniform Credit Analysis Seminar is, according to the RMA, one of the most intensive educational events the organization has ever offered. When participants successfully complete the five-day, 52-hour seminar, they return to their banks with a practical working knowledge of the cash-flow analysis system taught at the seminar, according to the RMA. In addition, the instructor's package provided to seminar participants allows them to return to their own banks and teach uniform credit analysis.

Program participants will work manually and then with micro-computers. In addition to developing historical and projected cash flow, they will learn to understand and use the RMA format and structure, learn how cash flow is linked to traditional analy-

sis, learn to use micro-computer-generated "what-if" analysis in structuring loans, analyze a borrower's earnings and determine future cash flows, assess and evaluate the skill and effectiveness of a borrower's management and examine the impact of industry, economic and competitive trends on a borrower.

Five faculty members will conduct each seminar. They are: Rex Beach, Ph.D. (moderator), president of I. M. D. B. Learning Systems, Lafayette, Calif., and former director of credit training at Wells Fargo Bank, San Francisco; John McKinley, senior vice president, Citizens & Southern Bank, Atlanta; Olaf Isachsen, Ph.D., president, Institute for Management Development, Oakland, and former director of Human Resource Development at Wells Fargo; Richard Viperman, president, Organizational Management Systems, Atlanta; and John Barrickman, vice president, Bank Earnings International, Atlanta.

The seminar is structured for experienced lenders already proficient in credit and who are actively making loans, the RMA says. It also is for senior analysts who need to expand their capabilities so they can understand, support and objectively view the lender's decisions.

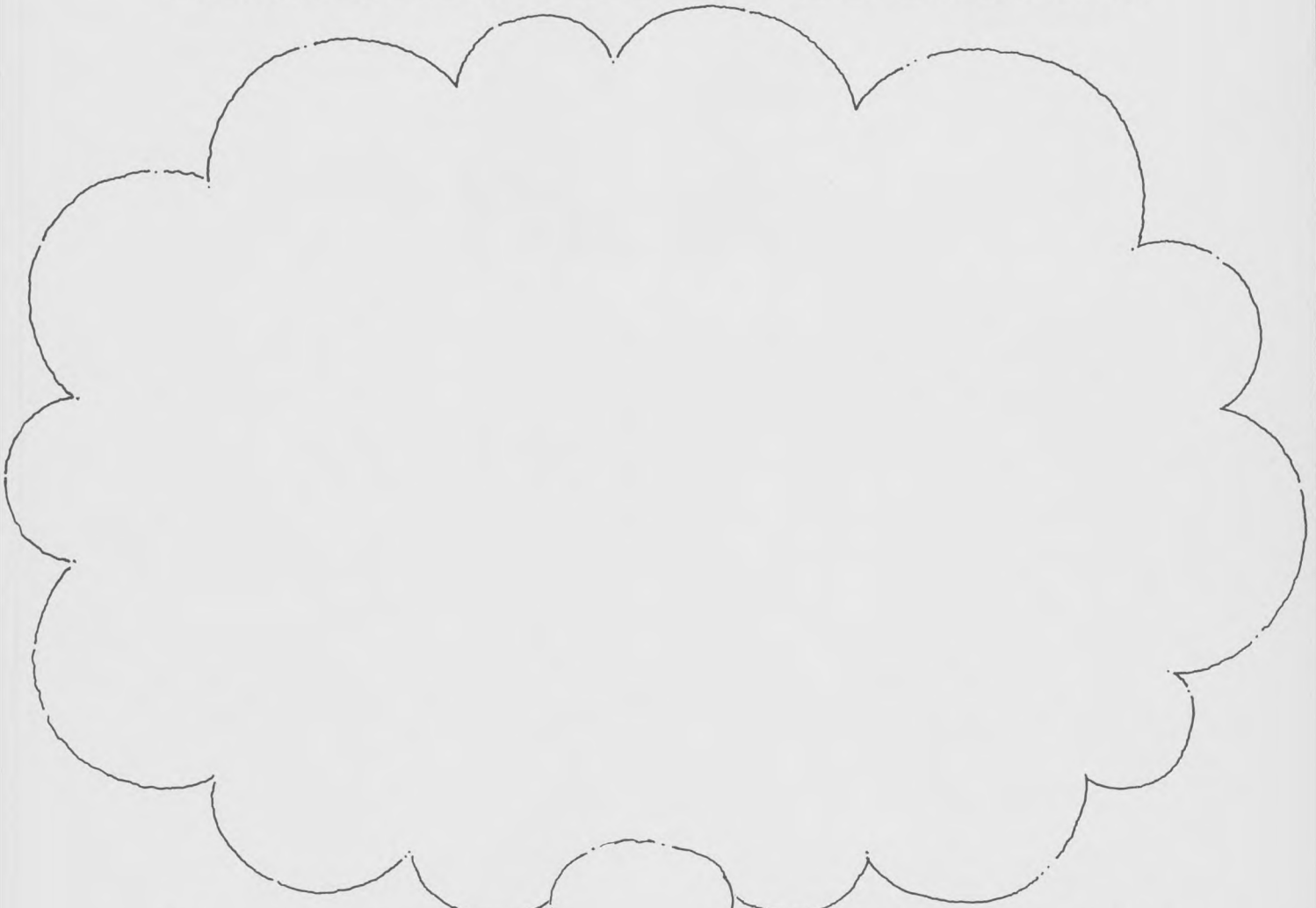
Southeastern Minnesota Gets New RMA Group

A Mid-Continent-area group is among four new groups, or sub-chapters, formed by Robert Morris Associates. This raises the number of RMA groups to 29 operating under 14 of the association's 38 chapters.

The new Southeastern Minnesota Group is operating under the RMA's Minnesota Chapter and serves Rochester and environs. Officers are: chairman, Charles E. Glarner, senior vice president, Norwest Bank-Rochester; vice chairman, August A. Williams, vice president, First National, Rochester, and secretary/treasurer, W. J. Nigbur, vice president, Marquette Bank, Rochester.

Also newly formed are the Central Florida, Maine and Southwest Puerto Rico groups.

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Joining an ATM Network: A Logical Step

By James D. Massey, President, and Irving R. Gilson, Assistant Vice President,
Merchants National Bank, Indianapolis

WHAT WOULD happen if you told your customers, "Your check's only good at my bank?" Your customers probably would find such an arrangement too restrictive, and they might eventually switch banks. The same notion of convenience applies to an automated teller machine debit card as to a check — the more places a customer can use it the more valuable it is as a service.

Building convenience and flexibility into our debit-card program was a key objective for Merchants National when we created our Green Machine regional ATM network in 1977. It was that same objective that, five years later, led the bank to become one of the primary members of CIRRUS System, Inc., the nationwide electronic banking network headquartered in Oak Brook, Ill.

A \$2-billion bank headquartered in Indianapolis, Merchants first began to evaluate the need for a proprietary ATM program in the early 1970s. Our research indicated consumer awareness and acceptance of this form of self-service banking was growing on a broad scale. Heavy introduction and promotional expenditures by our competition were beginning to further increase consumer acceptance of the machines.

By 1977 we felt the ATM was at a critical take-off point and it was time for us to act. In order to regain our competitive position within our local marketplace and to ride the crest of the growing popularity of ATMs, we decided to develop our own ATM network. We knew our network certainly wouldn't be the first ATM program to be marketed in Indianapolis, so we decided to make it the most flexible and up-to-date.

To reach that goal we developed a strategy. First, our ATM program had to be customer oriented because customer usage ultimately would determine its success or failure. Second, the greater the number of customers participating, the greater likelihood there was for success; therefore, we wanted to make card issuance as wide-ranging as possible. Third, our ATM system's hardware had to integrate with our existing on-line communications network.



GILSON



MASSEY

With those parameters to guide us, we entered into a joint agreement with Diebold, Inc., Canton, O. We would serve as the beta test site for a then newly announced hardware called the Diebold 9000. Truly a customer-oriented unit, the 9000 was designed from its inception to operate in an on-line environment. Since we wanted the broadest card penetration possible, regardless of a customer's previous account history, on-line capabilities were essential.

Integratability also was important to us because we already provided on-line CIF and account inquiry to our 44 branches through IBM 3600 Loop technology. To avoid redundancy of communications costs and to provide consistent information throughout our account files, integrating ATM transaction data into our operations was important.

On-line capabilities and network integration were particularly critical in fulfilling our goal of providing customers with maximum convenience



Merchants Nat'l has 20 Green Machine ATMs in central Indiana. Linkage with CIRRUS ATM network enables bank customers to use ATM cards in such places as New York City and Los Angeles.

through access to shared machines. To this end we extended ATM support to our correspondents as well to the credit unions for which we process share drafts.

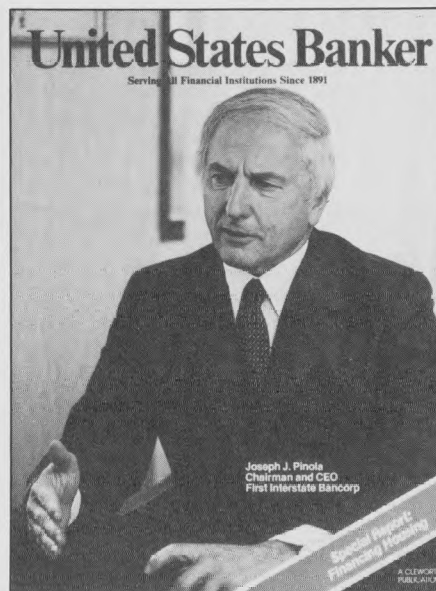
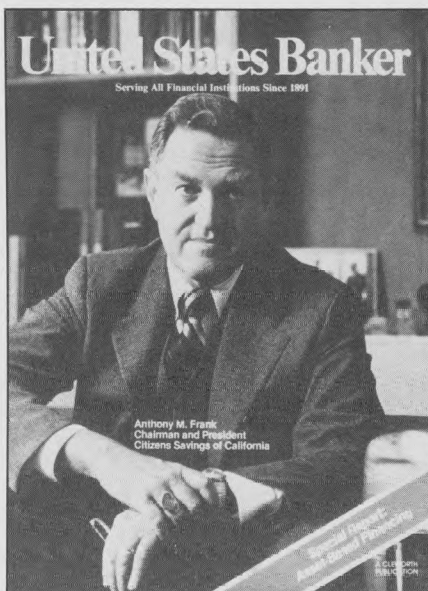
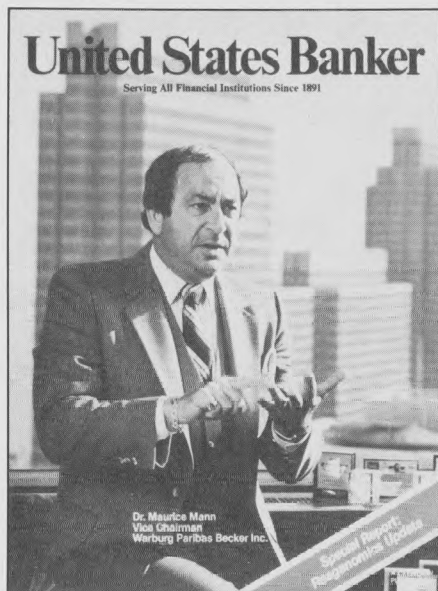
In the fall of 1982 we took the next logical step in offering maximum customer convenience. We joined CIRRUS so we could link our Green machines and cardholders to a nationwide network of 5,000 ATMs and 19 million cardholders in 43 states. In June, 1983, Merchants National became the seventh member institution in the CIRRUS network to activate its interstate switching capabilities.

We chose CIRRUS because of the attractive travel-related locations it offered our customers — airports such as Los Angeles International and La Guardia; resort areas like Palm Springs and Honolulu; ski areas such as Sun Valley; casinos in Las Vegas and Atlantic City; and even Walt Disney World. Major metro areas surrounding Indianapolis; e.g., Chicago, Cincinnati, Detroit and Cleveland, also were important. In addition, CIRRUS's large card base offered us the opportunity to earn interchange-fee income every time the cardholder of another CIRRUS member uses a Green Machine. Our Green Machine located near the Indianapolis Speedway could handle many such interchange transactions for the tremendous number of out-of-state visitors who come to the 500 auto race each year.

But aside from ATM locations and numbers of cardholders, one of the primary reasons we chose CIRRUS over other national networks was that its operating philosophy was closely allied with our own. For example, in terms of identifying machines and cards, the CIRRUS name and service mark are given secondary emphasis after the name of the member institution's proprietary system. From a marketing standpoint, we thought this was a significant advantage. In addition, it reflected the network's philosophy that the members come first.

We also felt that the size of CIRRUS's governing body made it efficient yet democratic. Each member has the opportunity for input, but the board of directors is small enough that

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it can make decisions and take action quickly.

In short, we liked CIRRUS's approach to doing business and we felt there was a good fit between Merchants' style and the network's. This was important because by joining CIRRUS we were creating a long-term partnership that will have a major impact on how our EFT services develop in the future.

For Merchants, CIRRUS membership has both long- and short-term benefits. Since its recent introduction to our customers through ads that promote CIRRUS as the all-round banking service — a service that customers can use all around the city, the state or the country — we have experienced a level of interest far beyond our original expectations. While the Green Machine network has machines in central Indiana, the added dimension of access to deposits nationally and eventually internationally has been attractive to customers. We have received numerous inquiries from frequent business travelers, vacationers and simply curious customers who want to know if they really can go to New York City or San Francisco and get money from their Merchants' checking or savings account. This travel convenience is especially attractive to the upscale customer who tends to be more mobile. CIRRUS represents a significant value-added benefit to these customers and a way by which we can differentiate ourselves from our competition.

Our membership in CIRRUS also provides us with the flexibility to position for the future. Cooperation and interdependencies between organizations will increase as the financial community begins to realize the full-scale economic benefits of the next phase of EFT development. The on-line interconnected data bases first established to facilitate ATM sharing will be expanded to other higher-order EFT services, such as point-of-sale debiting, interbank electronic entries and in-home banking and shopping. Each of these advances will require the application of on-line technology and growing levels of interinstitutional dependency. A network such as CIRRUS creates a synergy that spurs development in its individual members and creates a pool of resources and experience for meeting the challenges of the future.

In a relatively short time, ATMs have evolved from a marketing gimmick into an increasingly integral part of the delivery system of today's financial institution. National networks

linking proprietary systems constitute the next logical step in the development of customer-oriented electronic banking services. Not only do they expand the time and space dimension of our business, but they have a positive impact on the operational cost of delivering products and services to customers. In the future these benefits will have a major impact on each institution's survival and profitability.

Merchants National is preparing for the future with CIRRUS. ●●

IBAA to Provide Members With InnerLine Access

The Independent Bankers Association of America (IBAA) is establishing a private, electronic communications network through InnerLine, which claims to be banking's only computer-based management-support service.

The IBAA says it thus has become the first national banking trade association to provide members with on-line access to InnerLine's more than 40 services, including a nationwide marketplace for listing financial instruments. Ronald G. Burke, president, Bank Administration Institute, and InnerLine's CEO, says the IBAA now has the capability to electronically link its 7,000 member banks.

Kenneth Gunther, IBAA executive director, says that InnerLine will enable the IBAA to offer same-day legislative updates to members while providing them with access to the most comprehensive financial information system available to the banking community. The IBAA plans to work with InnerLine to develop a commodities-pricing program, accessible through the system, that will assist the agricultural banking community, which is heavily represented within the IBAA.

InnerLine is a co-venture with the *American Banker* and the Bank Administration Institute. It provides finance-related services in the areas of management, financial and funds management, retail and trust banking, micro-computers, commercial lending and correspondent banking, bank operations, corporate planning, compliance, legal and audit.

● **Diebold.** An extended version of the TABS® Automate, a relocatable transaction facility designed to house a TABS 9000 Series walk-up or drive-in ATM and Securomatic® and After-Hour® Depository, has been introduced by this company. The extended automate is 13'x4' compared to the 9'x4' standard Automate enclosure. Write: Diebold, Inc., Canton, OH 44711.

MACHA Serves As Processor For Visa ACH Pilot Test

The Mid-America Automated Clearinghouse Association, Kansas City, will participate in a pilot test during October of a nationwide automated clearinghouse service launched by Visa.

MACHA will serve as a processor for several financial institutions among its more than 1,600 members, says John Borden, executive director. The Visa test will support electronic ACH debit and credit transactions and administrative messages. A mini-computer provided by Visa will be installed at MACHA facilities to transmit ACH data to Visa.

"The pilot looks like a very natural first step toward the evolution of a full-blown commitment to private processing," says Loren Anderson, MACHA president and executive vice president, National Bank of Commerce, Lincoln, Neb.

Financial Marketing Subject of New Book

"**Money Merchants: Bank Marketing in a New Era,**" by Michael W. Olsen. Publisher: Consumer Bankers Association, Suite 1200, 1300 N. 17th St., Arlington, VA 22209. Single copy, \$30 (\$24 for CBA members). Special prices available for multiple orders.

This book is described as a basic primer on financial-institution advertising. Its author, Michael W. Olsen, is vice president/district manager, Chase Manhattan of Utah, a subsidiary of Chase U. S. Consumer Services, a division of Chase Manhattan Corp. He formerly was a commercial loan officer at Commercial Security Bank, Salt Lake City, Utah.

Starting out by discussing the evolution of bank marketing, Mr. Olsen goes on to define marketing and the marketing concept and to describe bank marketing's environment as well as other environments such as cultural/social, political, legal, economic and technological. In his 80-page handbook, Mr. Olsen talks about functions and structure of a marketing department, market research, product development, pricing products/services, advertising responsibilities, sales and public relations.

The author also devotes some space to marketing planning, market and product segmentation, concept of markets and analysis of opportunities, analysis of markets, matching products to market segments and benefits of segmentation.

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Mellon Bank Cuts ATM-Balancing Costs

MELLON Bank's central-balancing service for remote ATMs has cut average balancing time in half and staff requirements from 22 persons to nine, according to William E. Adams, vice president/operations for the Pittsburgh-based institution.

"In the past, we had community offices in close proximity to the remote installations where balancing was accomplished," Mr. Adams notes. "We developed a proposal that indicated significant dollars could be saved if we performed this function centrally and that's what we're doing now."

Currency in 27 remote Mellon Bank ATMs must be verified daily by balancing representatives who visit the sites. Previously done by hand by Mellon Bank community-office employees, balancing a single ATM took an average of 20 minutes.

Using high-speed, portable Brandt, Inc., currency counters, however, Mellon Bank balancing representa-

tives can settle an ATM in 10 minutes. The representatives carry the portable currency counters in their vans and plug them into the ATM when they arrive at the ATM site, according to Mr. Adams.

Dollar savings with the new system are "significant" when the size of the current and planned Mellon Bank ATM network is considered, Mr. Adams adds. Mellon Bank, which installed its first ATM in 1972, reached the 83 plateau last year and should have as many as 150 by the end of 1983.

The speed of the lightweight currency counter gives the balancing representatives more time to ensure that the ATM won't run out of money during the next 24-hour period or over a weekend, Mr. Adams says. In addition to being capable of counting up to 800 bills per minute, the unit stops at predetermined batch counts, starts anew when a completed batch is removed and clears the count when an incom-

plete batch is taken from the output stacker.

A short paper path allows fast cleaning and jam clearing if necessary and the bills never completely leave the operator's sight. Automatic features of the currency counter double the potential for detecting and preventing miscounts caused by overlapping, piggybacking or half-note conditions. An LED display alerts the operator to such errors.

At Mellon Bank, cost justification is a way of life, Mr. Adams says. All equipment purchases are thoroughly studied before commitments are made and once a unit is in use, results must agree with predictions made during the study.

"With the portable currency counters at ATM locations," Mr. Adams notes, "where time and staff requirements have been reduced so dramatically, quick payback was easily recognized when we purchased them." ●●

New Program Cuts HC's Item-Processing Costs

A CHICAGO-based bank HC has trimmed item-processing and associated costs by more than \$500,000 a year with a centralization program. The effort has consolidated item processing, bookkeeping and check-clearing functions for its four member banks. Bulk check-filing procedures have contributed to the cost-reduction equation.

W. N. Lane Interfinancial's new Central Operations Center now handles between 150,000 and 210,000 checks daily, making it the sixth largest check-processing institution in Illinois.

"We've met all the key goals we set for our conversion from the distributive-processing mode to a centralized operation," says Scott Yelvington, senior manager. "The first-year savings for Lane banks totaled more than \$500,000. And that figure includes increased equipment-lease costs. We've reduced our balances at correspondent banks significantly, and these balances are continuing to decline. Funds availability has improved. In addition, the individual banks are quite happy with our service; they've been relieved

of a big headache."

Lane banks include Northwest National and Lakeview Bank, which respectively rank one and two as the largest Chicago-area financial institutions outside the Loop; Pioneer Bank and suburban Northbrook Bank. The banks are clustered within a 20-mile radius, a factor that helped argue for consolidation.

The new Operations Center is housed in one of the banks. It uses NCR VIPS (variable-item-processing systems) software, while an NCR 8455 computer system anchors the highly automated operation. However, after items are captured and daily runs balanced, data tapes still are sent for final processing to a computer at Lane's data processing center, located in a separate facility.

The Operations Center's modular VIPS system includes 13 single-pocket proof machines and two 24-pocket reader-sorters. There also are five cathode ray tubes (CRTs) for on-line reject/reentry, plus three disk drives, a tape drive and a printer for data handling, storage and report generation. Programs are loaded from a card

reader.

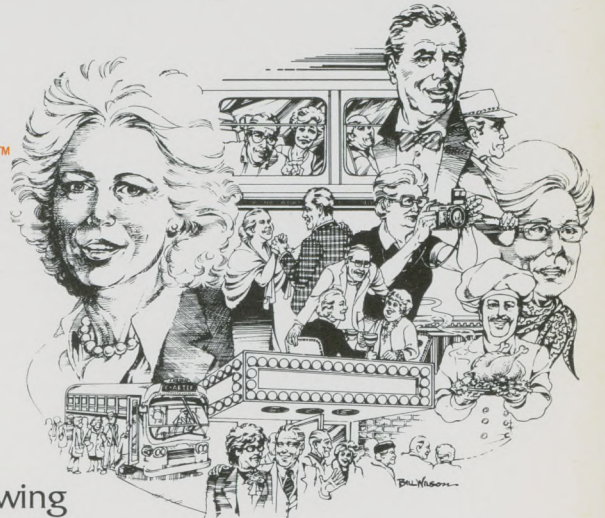
Lane opted for operations consolidation in 1982, after a cost study reviewed by an outside auditing firm indicated that substantial savings could be reaped by centralizing proof, item processing and bookkeeping. Previously, each bank used a proof and capture machine to encode and capture items.

Projected savings quickly proved out, says Mr. Yelvington. However, he notes that savings yield for the individual institutions varied substantially. For instance, Northwest National's average per-item processing cost dropped from 3.5¢ to less than 2¢. The reduction in Pioneer Bank's former 6¢-per-item cost was even more impressive. But, in contrast, Northbrook's per-item cost initially increased slightly. That was because Northbrook Bank had been routing items through a downtown correspondent bank at attractive rates. This early anomaly has been eliminated, Mr. Yelvington adds. Special transit runs have helped Lane bring its rate down below the correspondent bank's level.

(Continued on page 56)

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Centralization has eliminated the need for duplicate staff positions in individual banks. With higher volumes, Lane also has been able to cost justify more sophisticated processing equipment. This combination has reduced staff requirements more than 30%. The new center employs only 70 people, including two programmers. A substantial number of clerical workers are part-timers, who help with the 15 separate statement-rendering cycles run for each bank. Statement rendering is one of the few manual jobs remaining at the center.

"Previously, the four banks had more than 100 employees engaged in processing activities," says Mr. Yelvington. "Now, some of our proof operators routinely handle more than 2,000 items per hour, while the hourly operator average is about 1,500. We've obtained this high throughout by allowing operators to concentrate on their main jobs. Another clerk is assigned to make balancing corrections and put through separate blocks of corrected batches. While we originally budgeted for 10 proof operators, we've found eight people can handle our volume."

To create a steady stream of incoming work, tellers at the four banks batch items for the center every hour on the hour. Couriers then shuttle this work to the center. By mid-day, combined deposits are readied for presentation to the Loop's "big five" institutions. A special courier makes one mid-day run for the four banks. However, since the downtown banks charge 4¢-7¢ per item for mid-day deposits, Lane sends only items in excess of \$200 to \$300.

During the day, primary sorts kill most on-us items. Fine sorting for bulk filing as well as special sorts are handled by the night shift in this 24-hour-a-day operation.

Taking advantage of its large central check volume, Lane was able to tap into the Chicago Clearinghouse Association. This yielded immediate cost reductions. Using its sophisticated sorting capabilities, Lane has expanded from 23 to 63 in-clearing points. A group RCPC Federal Reserve sort has permitted Lane to present to more banks, further cutting costs.

Mr. Yelvington explains that the VIPS system permits more sophisticated clearing sorts by offering secondary-pass capabilities. This simultaneously reduces check-clearing costs and improves funds availability. When VIPS-generated reports indicate volumes are sufficient, Lane sends

Video Banking to Be Featured At Financial-Services Event

Video banking will be the focus of ABA's first home information and financial-services symposium November 16-18 at the Atlanta Marriott Hotel-Airport.

Geared for bank executives in charge of operations, marketing, strategic planning and retail product development, the symposium is designed to put these participants in touch with the latest research on videotex and home banking, says Bill Petrarca, chairman, ABA operations group's home-banking task force, and vice president, National City Bank, Cleveland.

Program participants will be key executives from corporations such as E. F. Hutton, Dow Jones, J. C. Penney, Chemical Bank and Manufacturers Hanover Trust, New York City. Other key industry participants will come from major banking consultants and technology and service vendors.

Recent pilot-project results will be discussed along with key technology issues and information on how bankers should position their bank as a potential "gateway" for delivery of home information and financial services. Educational displays and demonstrations of systems and equipment will be featured.

consolidated cash letters to the Fed targeted for various national locations.

During a primary pass, Chicago CHA and RCPC items are shunted to a special pocket. A subsequent evening run enables Lane to meet deadlines on these items. The center uses both its reader-sorters for on-line fine sorts.

"Our correspondent-bank balances are declining because we have the flexibility to change our sorts weekly," comments Mr. Yelvington. "We monitor transit-check volumes closely to see if destination points are changing. If the information warranted, we could change our sort pattern on a daily basis."

Lane's VIPS software includes modules for proof-of-deposit, on-line reject/reentry and multi-pass balancing, real-time cash letters, on-line fine sort and cycle sort, exception-item pull, batch statistical analyses and reporting and automated microfilm-retrieval applications.

The on-line fine-sort software for the reader-sorters offers compression techniques to put MICR-coded documents in account-number sequence in a minimum number of passes, while the exception-item-pull software automates the pulling of exception docu-

ments. Lane's data center uses telecommunications capabilities to relay information on stops, overdrafts and other problem items; then the exception pull extracts the items and runs them through separate sort programs.

VIPS dollar/item, debit/credit, on-us and transit-item reports, coupled with Fed pricing and source-analysis capabilities, have given Lane the information it needs to minimize Fed charges, reduce item-handling costs and improve funds availability.

Fed software permits analysis by source, destination and major accounts. An end-point float analysis gives a capsule overview of total items and dollars, while a breakdown details float totals. Cash-letter statistics include end-point Fed numbers and reveal dispersion by transit routing numbers.

With fast access to such analyses, Lane management can pinpoint problems and optimize processing methods. Mr. Yelvington points out that Fed reports show that Lane reject rates and adjustments compare favorably to industry averages.

Lane's VIPS system also includes a microfilm archival retrieval system to speed research on returned items. A computer index to microfilmed documents permits on-line CRT inquiries to locate specific documents or groups of documents.

"NCR's NCN-3 software has been a big help with night-time balancing," says Mr. Yelvington. "It tells us which items are out of sequence and which batches are out of balance. I'd recommend this software to any bank using primary and secondary passes."

The comprehensive VIPs system and centralization have helped Lane convert smoothly to cost-effective bulk filing procedures, Mr. Yelvington adds. With bulk filing, on-us checks are indexed by computer and then stored in random order by cycle and day in a front-end operation until statement-rendering time. Bulk filing eliminates the process of filing checks daily by account number.

But, despite all of these gains, the Operations Center still sees areas where improvements can be made, and lowering reject rates is the number one priority. "Rejects are expensive," Mr. Yelvington comments. "They're not only labor intensive, but cost the banks money in terms of availability. That's why one of our big thrusts now is in the reject-repair area. We're purchasing microscopes, oscilloscopes and a strippette machine to help us with reject problems related to bulk filing. The manual sort required



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That's No Buckle, Pardnah; It's a Bank's Billboard!

to get rejects into bulk filing is labor intensive. With a strippette unit, we'll be able to put the account number on rejected items so we can sort them mechanically rather than manually."

Mr. Yelvington estimates Lane's reject rate for in-clearings at about 2.5% and its counter work reject average at about 1.9%. However, he's optimistic that a program now underway may bring the reject rate below 1%.

"To reduce rejects, we have approached all check vendors that supply banks and requested copies of every check order," he says. "This will allow us to monitor what's being put out. We're explaining our processing problems to commercial accounts, and they appear quite willing to switch vendors if that will allow them to avoid special processing charges. Eventually, we plan to recommend a limited number of quality vendors to our corporate customers."

"Our internal documents, however, probably account for an even higher percentage of on-us rejects," he adds. "Some of the documents look as if they're printed on toilet tissue. This is a problem we can do something about immediately."

Lane also is considering the addition of an OCR reader-sorter attachment to further cut its reject rate.

Currently, Lane pulls and manually processes large dollar rejects as quickly as possible. All rejects also are microfilmed.

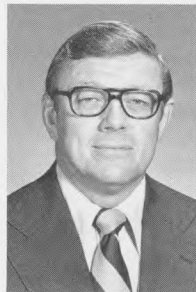
"When we have a reject due to a jam, that item may not have been filmed properly," Mr. Yelvington says. "Yet, it's the one we inevitably will have questions on later. So, to ensure an audit trail, we microfilm all rejects separately and send them in separate cash letters."

With sophisticated item-processing capabilities, Lane now has excess capacity and is seeking outside business to further reduce its per-item costs. ●●

● **Florida Software Services, Inc.** Bankers using the financial software produced by this firm now have a completely redesigned documentation that allows bank personnel to find answers to procedural and operational questions in a minute or less. Designed to relate directly to specific job functions within a bank, the new Easy Answer Documentation loan, deposit and accounting systems have been shipped without charge to every bank processing on this firm's software. Write: Florida Software Services, Inc., P. O. Box 2269, Orlando, FL 32802.

"THEY'RE the best walking billboards we could have," says Lynn Duncan, vice president/marketing manager for Wyoming National, Casper. "Even our competition says they see so many of them walking around town, they cringe every time they see one."

No, Wyoming National hasn't hired an army of people to wander the streets of Casper with advertising posters draped conspicuously over their fronts and backs. Those are the sales tactics of a diner, not a bank. Instead, Wyoming National lets its customers do the walking, something many of them are happy to do even though they may not be aware that their silver, brass or bronze collectors' belt buckles flashing in the sun are causing Wyoming National's competitors to cringe.



DUNCAN

The Casper bank has been selling or giving away (for a specified deposit) collectors' belt buckles produced by Heritage Mint, Ltd., Los Angeles, for six years. So popular has the promotion become, says Mr. Duncan, that Wyoming National probably couldn't stop now if it wanted to.

"People just go nuts over them," he says.

The belt-buckle promotion is an annual event although it is not held at the same time each year. Usually, the promotion is run in the spring or summer, but occasionally the bank may issue a limited edition, which it sells to the public to commemorate some special event rather than as part of a deposit-boosting promotion.

Five hundred silver buckles Wyoming National commissioned last year in honor of the Professional Rodeo Cowboys Association finals — held annually in Casper — sold out within 2½ days after they were made available. Another limited-edition buckle the bank is producing to commemorate the centennial of the first working oil

well in Wyoming probably will do just as well, Mr. Duncan speculates.

The first belt buckle Wyoming National gave away to its customers bore the image of the Wyoming state seal. Other buckles produced since have had an energy theme or were devoted to wildlife. Some of the latest buckles have been based on the works of celebrated Wyoming sculptor Pershing Geiger.

In a concession to today's smaller belt loops, Wyoming National has made available smaller bronze versions of its popular buckles. The bank plans to add a new design every year and drop one of the earlier designs so that its belt-buckle series becomes a true collectors' series, Mr. Duncan says.

The limited-edition buckles the bank sells to the public are not great profit producers, Mr. Duncan says, although they do bring in enough money to defray expenses. Wyoming National has been monitoring how many new deposits directly are attributable to the buckle promotions and Mr. Duncan professes to be very pleased with the results thus far.

Mr. Duncan says Wyoming National initially tried the belt-buckle promotion as an experiment and that even he has been surprised by how popular the program has become. Given the popularity of western-style accoutrements in rugged Wyoming, however, the popularity of the buckles probably should have been regarded from the outset as a (pardon the pun) cinch.

The bank, which has assets of nearly \$300 million, lets the public know the buckles are available through radio, television and direct-mail advertising. Once the buckles are on the belts of some of Wyoming National's customers, however, the rest of the advertising is free. ●●

● **Banclip, Inc.** Custom-embossed, metallic-colored plastic money clips introduced by this firm are intended as competitive alternatives to cash envelopes. The Banclip can be used in 60% to 70% of drive-in teller transactions, holds up to 25 bills, can speed service, reduce litter and provide add-on advertising value, the manufacturer says. Write: Banclip, Inc., P. O. Box 307, St. Bonifacius, MN 55375.

ABA Workshop Focuses On Bank Strategies

A bank-planning workshop on strategy formulation cosponsored by the ABA's corporate planning division and the Dallas AIB Chapter is scheduled for October 25-26 at the Hyatt Regency Hotel, Dallas.

Kepner Tregoe, Inc., a consultant in strategic and operational decision making, will conduct the intensive two-day session devoted to the straightforward process of strategy formulation. Specific workshop topics will include identifying a bank's driving force, assessing strategy formulation, testing strategy and implementing the planning process. The link between strategic thinking and long-range operational planning will be explored.

Participants will complete a strategy-formulation survey to gather information on their bank's strengths, threats, competitors and opportunities. The survey, along with a packet of working materials developed specifically for the bank-planning workshop, will provide the foundation for a bank's strategic-planning document. Participants should return to their bank with usable skills and a solid framework to expedite strategic planning, seminar cosponsors say.

Louis Rukeyser, George Will Set As NCFCA Speakers

Louis Rukeyser, host of television's *Wall Street Week*, and columnist George Will are headliners for the 39th annual convention of the National Commercial Finance Association, trade association for the asset-based financial-services industry.

The convention is scheduled for November 9-11 at the Hyatt Regency in Chicago. Mr. Rukeyser will discuss "What's Ahead for the Economy?" at the opening business session. Mr. Will's topic is "The View From Washington."

Opera star Roberta Peters will be featured at the reception and dinner closing the conference.

The program will feature panel discussions on factoring, bootstrap financing of the independent finance company, trends in corporate divestitures, loan participations and human-resource issues facing today's manager.

The NCFCA also will present its annual achievement award to a company whose growth was made possible through the use of asset-based financing.

Multi-Use Lending Package Introduced in Louisville

LOUISVILLE — Liberty National is offering a new multi-use lending package said to be unique to the area.

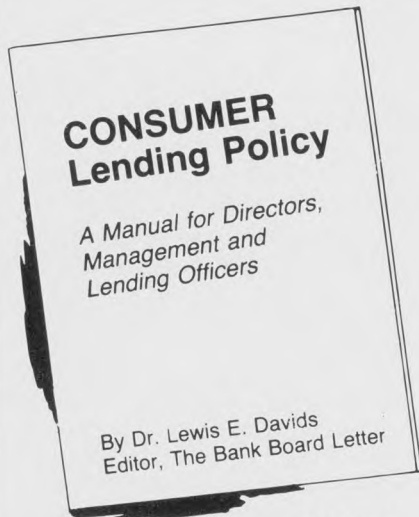
It's called the Liberty Simple Interest/Variable-Rate Loan for home improvements, autos, equipment and a variety of other purposes. The loan's interest rate fluctuates with the 91-day T-bill rate, adjusted at the first of each calendar quarter.

The package has an interest-rate ceiling of 24% and a floor of 10%. Customers may prepay without penalty and may convert the remaining bal-

ance to a fixed rate at any time without penalty.

Despite interest-rate fluctuations, a customer would make the same fixed payment each month until the maturity of the loan, when the number of payments would be shortened or extended.

Liberty has committed itself to a fixed spread tied to the 91-day T-bill rate rather than developing an internal-index rate. This enables customers to determine their interest rate by looking up the T-bill auction rate and adding that to their specific number of points.



CONSUMER Lending Policy
A Manual for Directors, Management and Lending Officers
By Dr. Lewis E. Davids
Editor, The Bank Board Letter

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Dramatic increases in personal bankruptcies call for new policies in the consumer-lending area. State usury laws are being revised or preempted by federal statutes. Existing "rule of thumb" lending practices aren't always valid in today's changing environment.

This 208-page manual includes an array of consumer loan policies in force at various-sized banks, provides checklists of topics on installment-credit policy and procedures and policy components; model application forms; an overview of the Federal Reserve's consumer regulations; the Federal Reserve Functional Cost Analysis of the installment-loan function; installment-loan department plans; consumer-credit terminology, and bibliography of reference materials on installment loans.

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Consumer Lending Policy

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Attracting, Hiring the Right Person

By Dave Marlow*

THERE is no such thing as the perfect person for any job.

When you are trying to fill a position in the banking field, you can't wait for the perfect applicant to come along, because it never will happen. You should look for the best person available for the position open. Hiring is best done on a comparison basis. You will hire the person you consider best when compared to the other candidates for the job.

Know what you are looking for in the candidate. Specifically, know your requirements in terms of the job to fill and, overall, in terms of the objectives of the specific department and the bank.

Determine your hiring goals early and make them known. Before you bring in the first candidate, have your interviewing and hiring procedures clearly delineated. Make sure you have identified who in the organization will make the final hiring decision.

Attracting Candidates

The quality of your candidate pool depends on where, how and when you look. If you are conducting the search yourself, you will have to advertise in newspapers and professional journals. Advertising, unfortunately, is relatively ineffectual as a recruiting and screening device, and it often reveals to potential candidates that your organization has turnover problems.

Know the marketplace of talent you are addressing. Speak to the people who make up that marketplace in a language they can understand and explain your requirements clearly and comprehensively.

Be both sufficiently general to attract responses from a diverse group and sufficiently detailed that you attract a group that is appropriate to your needs. One method of expanding your opportunities for finding high-caliber talent is the ongoing search, a policy of seeking top talent regardless of the immediate openings in your bank. It may be easier and more cost effective in the long run to select the best managers at the time they are available.

The Selection Process

The selection process is the com-

parison of one candidate's qualifications against another's.

You need to screen candidates quickly. Then, on the basis of your comparisons, you must select the person you consider best for the job. If this process is allowed to go on for too long, the best candidates may well be lost to other banks.

The qualities you are looking for are numerous and elusive. Each comparison calls for subtle, well-trained judgments. Look at education, work history and experience in banking. The candidate's track record is important, as are skills, ambition and the likelihood that the candidate will make — and keep — a real commitment to your bank.

Appearance may or may not be important, depending on the nature of the work. But personality is critical. Measure each candidate's personality against the people with whom he or she will have to work. Look for balance in your work force — a healthy mixture of aggressive, promotable types and more conservative people who are unlikely to compete as actively as their fellow employees.

As in the planning stage, the key here is to know what you are looking for. A manager should consider the following points before starting the interview process:

- The duties and responsibilities of the job.
- The mixture of the management talent already in place.
- The role of the new person within that context.

The Interview

Follow established procedures in the interview. Don't allow any interruptions. Don't interview by committee. If several people are to be involved in hiring, make sure they all are prepared to speak to the candidate individually.

* Dave Marlow, BBA, worked with Burroughs Corp. prior to joining Roth Young Personnel Service of Detroit, Inc. He currently is serving with that company as an account manager of banking, accounting, finance and EDP.

During the interview, keep the following points in mind:

- Interviewing is a two-way street. A well-run interview reflects a good working relationship among your staff and shows the candidate that you respect your employees.

- Allow enough time for each interview — 30 to 60 minutes usually are adequate for a first meeting. Provide enough time between interviews so each candidate doesn't get the sense that he/she is being rushed.

- Surroundings are important in the impression they give about your operation. They are also important in making the candidate feel comfortable. You need to put people at ease so that they willingly reveal their goals, qualifications and interests.

- Keep the conversation open-ended for the same reason. Do not ask questions requiring only "yes" or "no" answers since they produce little valuable information. Do not ask questions in a rapid-fire manner as you could make the candidate nervous.

- Give candidates a chance to express themselves. They need enough time to answer your questions in depth and to ask you questions.

- Be prepared to offer ample information about your bank.

- Have facts about possible relocation handy in case the candidate inquires about that subject. Recreational and cultural facilities are given prominent consideration by applicants.

- Finally, use a standard form for recording the results of each interview. Do it immediately after the interview. Taking copious notes during the interview will block the flow of information. A standard form will help you keep track of the candidate's various traits and skills, making comparisons easier.

Hiring: Closing the Sale

There still is a way to go once you have gone through the selection process and identified the candidate you want. You've got to make an offer that will land the candidate you want before another organization wins out. Here are some points to keep in mind:

- Make the decision quickly. Remember that the pool of available talent always is in a flux, and your candi-

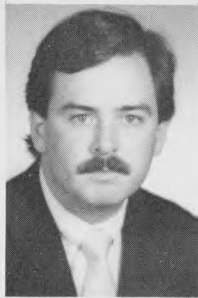
date won't remain a candidate for long. Make your decision as quickly as possible and let the candidate know that he or she has been selected.

- Treat the candidate in a thoroughly professional manner during the selection process and afterward. Be courteous, respectful and responsive to his/her needs.

- Above all, make a fair and competitive offer. Do not try to buy cheaply at the last minute. You will lose both your desired candidate and your investment in the search process.

- Block competitive offers by confirming the offer in writing and setting a reporting date soon after hiring.

These hiring guidelines grow out of research and 25 years of experience in recruiting for bank managers. By following them, you should be able to attract the right people to your bank when you need them. ●●



REYNOIR



JOHNSON

- **Hattier, Sanford & Reynoir.** This New Orleans-based firm has announced appointments of James O. Johnson as a registered representative in Louisiana and Mississippi and Vance Reynoir as account executive. Mr. Johnson spent 15 years as vice president/correspondent officer, Bank of New Orleans. Hattier, Sanford & Reynoir is a limited-partnership investment-banking group.

- **Diebold.** This firm has introduced an optional CRT Privacy Screen to protect sensitive customer information displayed on its TABS® line of ATMs, Consumer-Transaction Terminals, and Automated Fuel Systems. The privacy screen restricts visibility of the CRT to the area directly in front of the user. Write: Diebold, Inc., Canton, OH 44711.

CORPORATE NEWS

- **ITT Commercial Finance Corp.** This is the new name of ITT Diversified Credit Corp., St. Louis. The new name is part of a broader program to identify more clearly ITT's expanded commercial-finance services for retail dealers, manufacturers, distributors and industry. ITT Commercial Finance remains an operating unit of ITT Financial Corp. According to a company spokesperson, the new name and logo will help connect the changing roles of the firm's three business areas: wholesale finance, commercial loans and business services.

- **Associates Commercial Corp.** This Chicago-based commercial-finance subsidiary of Associates Corp. of North America (the Associates) has named three new executive vice presidents. They are: Dennis J. Mandick, Donald P. Siegel and Frank C. Suarino. Mr. Mandick retains responsibilities as controller and oversees employee planning/training/administration functions. He joined the firm in 1970. Mr. Siegel continues to direct operations of Associates Capital Services Corp., the company's communications division. He joined the Associates in 1946 as the firm's first college trainee. Mr. Suarino continues to direct Associates Commercial Corp's legal department and provide legal advice and direction to the corporation and its six operating divisions in his capacity as general counsel. He also is assistant secretary, Associates Corp. of North America. He went to the Associates in 1977.

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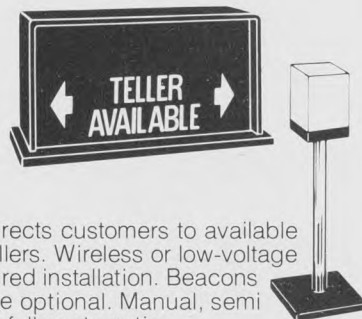
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ATMs Open to Blind With Braille Kit

Representatives of Society National, Cleveland, and First Federal S&L, Lakewood, O., recently attended a training session at the Cleveland Society for the Blind on the introduction and operation of a program that will assist the blind in use of automated teller systems (ATMs).



Examining ATM modified with new Diebold Braille Kit are (from l.): Cleo Dolan, exec. dir., Cleveland Society for Blind, Mary Londahl of First Federal S&L, Lakewood, O., and Brenda Wilson, Society Nat'l, Cleveland.

The two financial institutions are adapting their ATMs for use with the TABS® Braille Kit being manufactured by Diebold in cooperation with the Cleveland Society for the Blind. Braille keys on operating panels of the ATMs and an audible beeper — a standard feature on all Diebold ATMs — assist the visually impaired in the step-by-step operation of the machines.

The beeper is activated every time a key is depressed signaling a request for additional time, to access the depositary and to alert the user that a transaction series has been completed. The Braille Kit includes a videotape and instructional materials for financial institutions in training staff members on program introduction and operation.

"The braille keys provide a tactile means of identifying key locations," says Jeffrey J. Moyer, director of rehabilitation services for the Cleveland Society for the Blind. "The training session and support material encourage teller sensitivity and help bring the benefits of the Braille Kit to the visually impaired community."

Chicago Banks Fund Students Involved In Exchange Program

Four banks and a Chicago-based Fortune 500 company provided funds for five Chicago high school students to live overseas and participate in the AFS International/Intercultural Pro-

gram this summer.

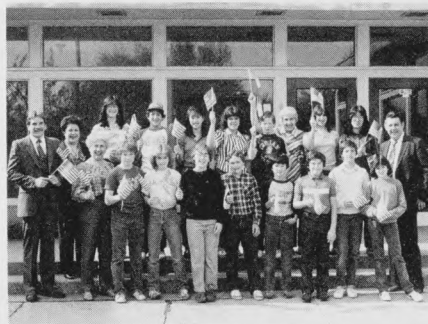
All American Bank, Bank of Ravenswood, Colonial Bank, Continental Bank Foundation and Quaker Oats sponsored students in Argentina, Yugoslavia, Colombia, Denmark and France in the international high school student-exchange program. The Chicago Business AFS Scholarship Program has enabled 19 students to live abroad since its origin in 1978.

C. Paul Johnson, the program's founder and chairman, Colonial Bank, says he found city students "were missing out on the AFS opportunity to live and learn abroad because they couldn't pay the participation fee. Businesses participating in the program find they can provide the fee and do something good for their neighborhoods. Through their sponsorship, they're involved with teen-agers, parents and the school in a worthwhile community project."

Student Patriotism Program Spurred by Skokie (Ill.) Bank

As part of a summer "celebrate America" program, Skokie (Ill.) Trust offered American flags to all elementary school students in the community. Information on the history of the summer patriotic holidays also was distributed to local schools in an effort to increase student awareness and appreciation of the flag.

According to Tom Weise, vice president, Skokie Trust, the program is designed to promote patriotism in Skokie during the summer. "The American flag is a symbol to help remind us what a great country we live in," he said. "With Memorial Day, Flag Day and Independence Day all being celebrated within a two-month period, we thought this would be the perfect time to stir up the patriotic spirit in our



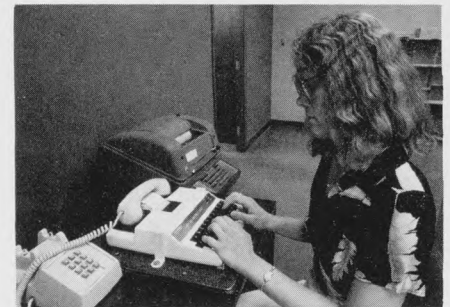
Elementary school students in Skokie, Ill., show their patriotic spirit by displaying American flags presented to them by Skokie Trust. At l. is Tom Weise, bank v.p.

community and educate the younger students on the flag and its relationship to our country's history."

First Bank Minneapolis Installs Devices for Deaf

Two new telecommunication devices for the deaf have been installed at First Bank Minneapolis to aid hearing-impaired customers and bank employees.

The devices are located in the bank's personal banking center on the main floor and enable hearing-impaired customers to receive information on personal accounts and bank services over the telephone. A second unit on the fourth floor is used by bank employees for business and personal calls.



Debbie Wall, senior reconciler in item-processing department, First Bank Minneapolis, sends message on bank's new telecommunication device for deaf.

When a hearing-impaired customer calls the bank, the operator turns on the device, places the phone receiver on the unit and reads the message on a digital display. A printout of the message also is produced.

When the caller wishes a reply, he or she types the letters "GA" for "go ahead" and the bank employee types a message in return.

Olympic Team Member Conducts Clinics

Race-walk clinics held in conjunction with the second annual "Run-for-the-Money" road race sponsored by Mount Prospect (Ill.) State and United National, Arlington Heights, Ill., featured Augie Hirt, 1976 U. S. Olympic team member and holder of three American race-walk records.

The race-walk clinics conducted by Mr. Hirt consisted of discussions about the sport, a demonstration and expansion of the logistics of race walking, according to John Dorn, vice president/marketing, Mount Prospect

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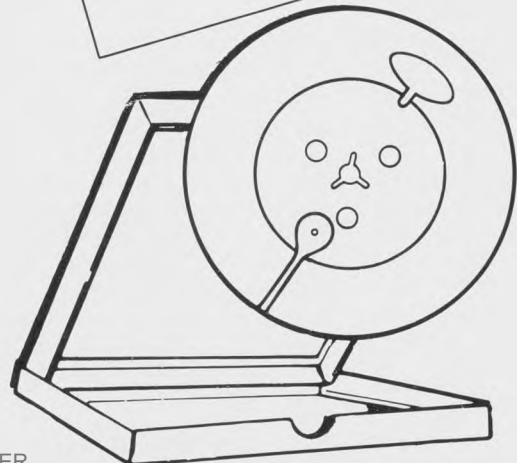
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State. "We feel that race walking is a sport that is quickly coming into its own and another way of getting good exercise and keeping in shape," Mr. Dorn said.

The 10-kilometer (6.2-mile) "Run-for-the-Money" race is run over a scenic course between United National and Mount Prospect State, with proceeds benefiting the United Way. In addition, two, one-mile "fun runs" on the same day start and finish at Mount Prospect State. This year's race also featured entertainment, refreshments and raffles.

Mr. Hirt's clinics were held at both Mount Prospect State and at United National on the day of the race.

SouthTrust Corp. Employees Win Birmingham, Ala., Run

SouthTrust Corp., Birmingham, Ala., fielded the winning team at a recent bankers run sponsored by Clarke Checks, San Antonio, Tex., check printing firm.

Clarke Checks made a \$500 donation to the American Cancer Society in the name of the winning team's employer.

Any employee at an area bank or



TOP: Bankers begin Bankers Run race in Birmingham, Ala. MIDDLE: First-, second- and third-place winners in four categories of Bankers Run pose with prizes. BOTTOM: SouthTrust winning team members watch as check for \$500 is presented to American Cancer Society in their HC's name by Clarke Checks, run sponsor.

financial institution was eligible to participate in the run. Participants could enter one of four categories, each of which offered first-, second- and third-place prizes for best running times.

"We wanted to sponsor an event for people in our industry that would be fun for the participants and, at the same time, benefit a worthy cause," said Marc Griffin, vice president/sales for Clarke. "Runs draw an enthusiastic response, and we have made them an annual event."

The firm sponsored four runs over a three-month period earlier this year.

Art, Finance Are Good Mix, Opera Troupe, Bank Discover

The music, including segments of Mozart's "Don Giovanni" and "The Marriage of Figaro," was familiar; the setting — the lobby of Springfield (Ill.) Marine Bank — was not.

But 25 singers and dancers and a piano, flute and string ensemble performed free of charge for Springfield Marine Bank patrons who gathered in the lobby September 23. The bank, a well-known patron of the arts, has sponsored other performances in its lobby, including "The Great American People Show."

The performers, in this case, were representatives of the 40-member Opera Theater of Springfield, the city's first resident opera company. Members are accepted into the company through audition and the only criterion for acceptance is singing ability. Members participate in every phase of production.

While the emphasis during the production was on Mozart, the works of Verdi, Gounod, Donizetti, Gay and Gluck also were featured. Willard Bunn III, president/chief operating officer of the Springfield bank, which has assets of \$543 million, extended an invitation to all residents of the city to attend the performance.

● **Bank Marketing Association.** Two new audiovisual training programs produced by this organization's Training/Professional Development Department are available. The programs, "Exploding the Sales Myth" and "Teller Referrals for Business Development," are designed to encourage a bank's staff to sell and help tellers refer new business to new-account areas. Write: Bank Marketing Association, Training/Professional Development, 309 W. Washington St., Chicago, IL 60606.

FDIC Invites Public Comment On Regs for Nonbank Services

The FDIC has invited the public to comment on whether it should regulate bank involvement in activities such as real estate and insurance brokerage/underwriting, data processing and travel-agency services.

The action is being taken because Congress appears unwilling to regulate bank expansion into new lines of business. William Isaac, FDIC chairman, says he'd like Congress to take action, but, if it doesn't, "we might decide to."

The FDIC is concerned that banks are careful not to endanger their insured deposits by offering services that could result in losses. Mr. Isaac says the FDIC is responsible for issuing regulations that keep banks safe and healthy so as to prevent losses to the insurance fund.

Stonier Banking School Accepting '84 Applications

Applications are being accepted for the June 3-15, 1984, session of the ABA's Stonier Graduate School of Banking (SGSB) at Rutgers University, New Brunswick, N. J. Acceptance is on a space-available basis.

Since 1937, more than 13,000 bankers have graduated from Stonier, the nation's oldest graduate school of banking. Two additions to the curriculum in the 1983 session were eight hours of micro-computer training and a 12-hour purposeful-management module, according to Dr. William H. Baughn, SGSB director.

The introductory micro-computer segment is required of all first-year students who must build a strategic financial planning module, said Dr. Baughn. Second-year students this year had access to micro-computers during their unscheduled time so they could familiarize themselves with Visicalc commands, build simple-interest expense forecasts or move into a complex, five-year strategic planning model, he said.

The purposeful-management module provides students with new knowledge and skills they can use to change motivation, attitudes and values and expand behavioral skills in setting and achieving organizational goals.

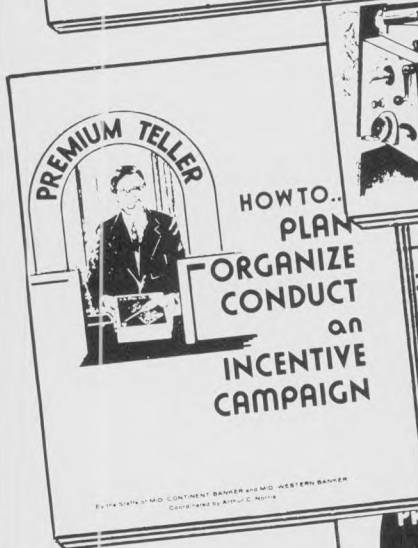
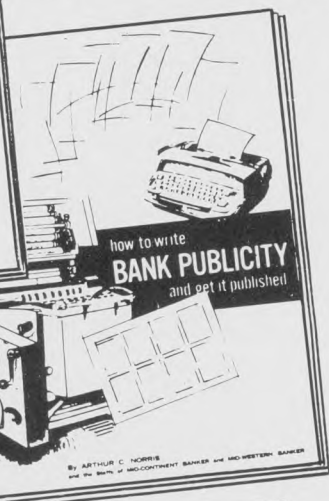
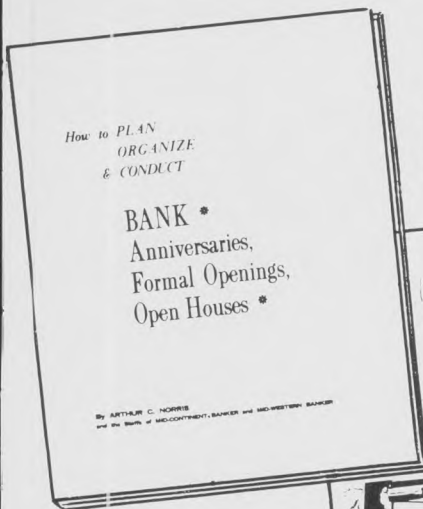
The Center for Creative Leadership, an education/research firm, developed and conducted the training program which is a part of the third-year curriculum, said Dr. Baughn.

For an application or more information, call Banker Education Network at 202-467-6738.

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

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Bank Training Tapes Offered By MABSCO Subsidiary

Rental of videotapes featuring bank training information is possible on a flexible, cost-efficient basis through a new service from Mid America Bankers Service Corp. (MABSCO), the consortium of 12 state bankers associations, according to Rowland McClellan, president, MABSCO Video Services, Inc. (MVSI).

The new service, called Video Bank Education Service (VIBES), is available to member banks in the MABSCO region, said Mr. McClellan, who also is president, Bank of Wisconsin, Janesville. Once banks have paid an enrollment fee set by each state association — \$200 is the average — they may rent training tapes for \$35, entitling them to five business days' use. Warehousing and distribution of tapes is provided by the media resources center at Iowa State University, Ames, through contract with MVSI.

The 31 training tapes currently available through VIBES were produced by American Learning Systems, Inc., Memphis, and cover such topics as teller skills, security, customer relations and professional officer calls.

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Additional opportunities available in midwestern banks. Résumé requested.

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They are available in three different videocassette formats. The service, said Mr. McClellan, permits banks to provide personnel with quality training materials with greater flexibility and at a fraction of the cost of training alternatives.

The VIBES inventory — which will be expanded from time to time — is intended to supplement, not directly compete with, other bank training materials on the market, according to Mr. McClellan. MVSI is located at 430 Liberty Building, Des Moines, IA 50308.

Convention Calendar

(Continued from page 4)

- Nov. 13-17: Bank Marketing Association Trust Marketing Conference, Dallas, Fairmont Hotel.
Nov. 27-Dec. 2: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
Dec. 5-9: Bank Marketing Association Southeastern Essentials of Bank Marketing School, Athens, Ga., University of Georgia.
Dec. 11-14: Bank Administration Institute ATM/6-National Conference, Atlanta, Hilton Hotel.
Jan. 15-18: Bank Administration Institute PATH Conference on Productivity, New Orleans, Sheraton Hotel.
Jan. 20-21: Equipment-Lease Seminar, New Orleans, Marriott Hotel.
Jan. 31-Feb. 3: ABA Insurance & Protection National Conference, San Francisco, Hyatt Regency Hotel.
Feb. 5-8: ABA National Trust Conference, San Francisco, San Francisco Hilton & Tower.
Feb. 5-8: ABA Telecommunications and Financial Networks Workshop, San Francisco, Hyatt Regency San Francisco.
Feb. 12-16: Bank Administration Institute Bank Auditors Conference, New Orleans, Hyatt Regency New Orleans.
Feb. 12-24: ABA National School of Retail Banking, Norman, Okla., University of Oklahoma.
Feb. 14-17: ABA Bank Investment Conference, Atlanta, Atlanta Hilton & Towers.
Feb. 26-29: ABA National Assembly for Community Bankers, Phoenix, Hyatt Regency Phoenix.
Feb. 29-Mar. 2: ABA National Credit/Correspondent Banking Conference, Phoenix, Hyatt Regency Phoenix.

FOR SALE: 2 Diebold ATM's. Free standing lobby units, can be installed behind wall. Model 610, very good condition, approximately 5 years old, \$9,995.00 each or \$17,500.00 for the pair. Pioneer Bank & Trust, Ponca City, OK. Phone 405-762-5651, Larry Adams or Phil Rice.

- Mar. 4-7: ABA Trust Operations and Automation Workshop, San Diego, Sheraton Harbor Island.
Mar. 4-7: Bank Administration Institute Security Conference & Exposition, Washington, D.C., Sheraton Hotel.
Mar. 11-13: ABA Corporate Commercial Marketing Conference, Denver, Fairmont Denver.
Mar. 18-21: National Automated Clearinghouse Association, 1984 NACHA Surepay Conference, New Orleans, Fairmont Hotel.
Mar. 19-23: Bank Administration Institute Check Processing Conference, Dallas, Amfac Hotel.
Mar. 23-24: Equipment Lease Seminar, Nashville, Opryland Hotel.
Mar. 25-29: Independent Bankers Association of America Annual Convention, New Orleans, New Orleans Marriott.
Mar. 25-Apr. 5: ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.
Mar. 25-Apr. 1: Association of Reserve City Bankers 73rd Meeting, Boca Raton, Fla., Boca Raton Hotel.
Apr. 6-10: Louisiana Bankers Association 84th Annual Convention New Orleans, Hilton Riverside & Towers.
Apr. 8-10: Conference of State Bank Supervisors Annual Convention Tarpon Springs, Fla., Innisbrook.
Apr. 8-11: ABA National Retail Banking Conference, New York, New York Hilton.
Apr. 8-13: Robert Morris Associates Loan Management Seminar, Columbus, O., Ohio State University.
Apr. 16-18: Ohio Bankers Association Annual Convention, Columbus, Hyatt Regency.

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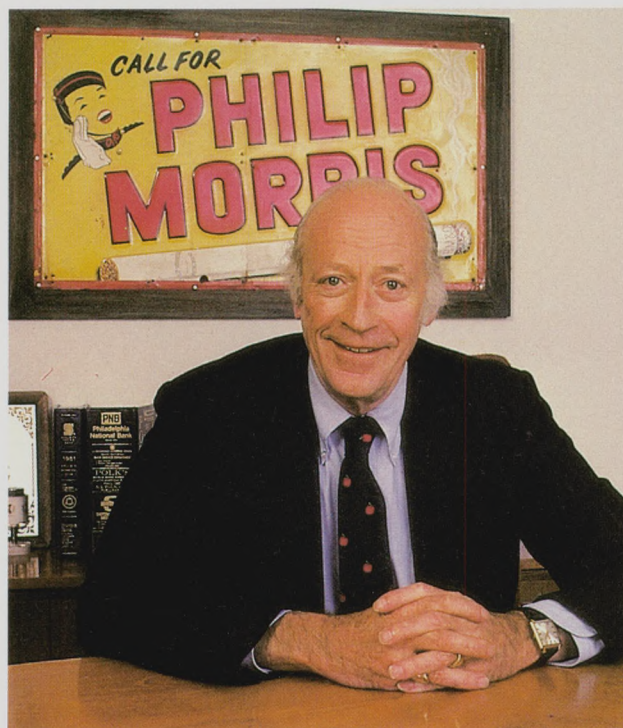
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We define excellence with two words: creativity and responsiveness. Experience has shown that without these two qualities a bank can't do very much for us... or probably anyone else, for that matter.

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But the banker who comes in with creative ideas... who has a plan that can help us do business better... well, he's someone we want to talk to. We are very receptive to a good idea... even if we aren't presently doing business with that bank.

The other thing we need is responsiveness. If we go to a bank, we expect to get a response! It doesn't have to be positive. But we need a response right away.

Our problems are your opportunities.

Of course, to respond quickly, our bankers have to know all about us. Well, we work hard to let our banks know.

But communication is a two-way street. We want... we *have* to know what's going on in your bank. The calling officer who can take our ideas and run with them... come back quickly with better ideas... get a *decision* from his bosses... well, this is a banker who's going to do well with us.

We bank where we work.

We're continually expanding... building or buying into all kinds of places. It's darned important to have a bank... a local bank... that can be responsive to our needs.

The local banker is probably the most important citizen in town, particularly in the smaller towns. For example, when we went into Eden, North Carolina, we didn't know a soul there.

But the banks introduced us around. They helped us meet the right people and get accustomed to the area. They helped us and now, I dare say, we're helping them.

Be aggressive. Be accessible.

Our business depends on strong marketing. But the banking business is no different. If you simply follow the others you'll never get our business. We try new ideas. And we listen to the

marketplace. But some banks try to dictate to the marketplace. That simply isn't going to work anymore.

We want banks to come to us. But we're not shy about looking for good banks, either. That's where we often use the Polk's Bank Directory.

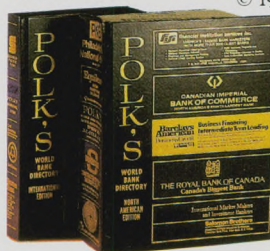
We break out the Polk's.

Before we went into Trenton, Ohio with Miller Brewing Company, we broke out the Polk's Bank Directory. Now, it's pretty hard to find Trenton on the map, much less know who to bank with. So before we went out there, we did a detailed study of the banks, and we knew exactly who to call on. Without Polk's, we would have had a very difficult time.

There's no question that the more information a bank reports in Polk's, the easier it is for the corporate financial officer to find what he's looking for. This kind of information is vital!

Before you can be creative, you have to be informed. To respond quickly, you have to have accurate information. We pride ourselves in knowing what's going on... and expect this from everyone we deal with. That's why we frequently turn to Polk's Bank Directory. Polk's has the answer.

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**Polk's has
the answer.**

R. L. POLK & CO.

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Boatmen's Ernie Hellmich Operations Assistance.



Boatmen's Correspondent Banking Officer Ernie Hellmich and J. D. Moss, President and Chief Executive Officer of Litchfield Bank and Trust Company. Whatever your correspondent needs, Boatmen's has knowledgeable people to assist you. Call Ernie Hellmich. He can help.



Correspondent Banking Division
**THE BOATMEN'S
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