

# MID-CONTINENT BANKER

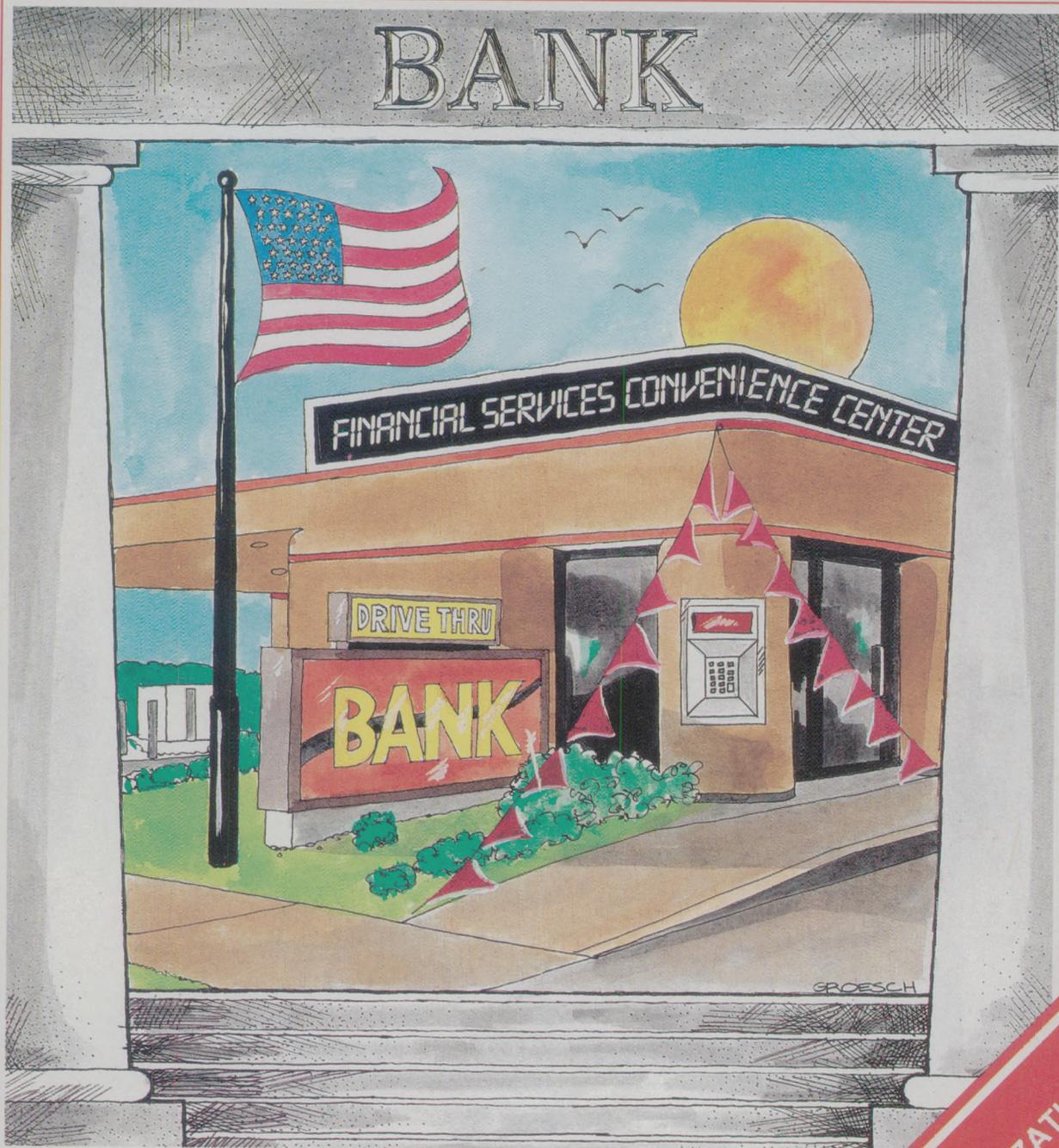
FEATURES

Bank Construction Trends

Dressing for Success

Prescriptions for Savings

OCTOBER, 1985



S

MODERNIZATION  
ISSUE

# Banker's Dozen



In the past year, a dozen correspondent banks\* discovered the advantages of in-house data processing with Jack Henry banking software and Banks of Mid-America Information Services. They learned why more than 300 banks throughout the United States already use Jack Henry's Financial Package with their IBM equipment. They also discovered why Banks of Mid-America Information Services can't be matched for systems marketing, training, installation and support. This "banker's dozen" also found that Jack Henry, in partnership with Banks of Mid-America, saves them money.

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# Banking Wire

*Late-Breaking News From the World of Banking*

CLEVELAND NAMED MCB EDITOR. John L. Cleveland assumed the additional duties as editor of MID-CONTINENT BANKER as of September 1. He has served as associate publisher since July 1. Mr. Cleveland joined the MCB staff in 1983 following service as editorial director for another publisher of trade magazines based in St. Louis. He holds degrees from the University of Illinois and Southern Illinois University-Edwardsville.

\* \* \*

MORE FED EXAMS COMING. The Federal Reserve Board has announced it plans to increase the number of examinations of banks it supervises and place managers and directors of problem banks on notice of their responsibility to "shape up" their institutions. The Fed says state-chartered banks will receive full exams by the Fed or state examiners every year instead of the present 18 months. Institutions with more than \$10 billion in assets will be examined annually and also will receive limited-scope examinations. Medium-size bank HCs with major nonbank subsidiaries making loans also can expect annual full exams; currently such institutions are examined every 18 to 36 months. Other medium-sized HCs will be examined every two years and smaller HCs will have more frequent examinations. The new policy is designed to "focus resources on the larger institutions and those that have emerging problems," the Fed says.

\* \* \*

IOWA MORATORIUM PUTS SPOTLIGHT ON AG PLIGHT. Iowa Governor Terry Branstad has called the nation's attention to the agricultural crisis by declaring an "economic emergency" in the state that enables farmers to seek one-year postponements on foreclosures. Few farmers are expected to benefit from the action because of expected legal challenges and confusion over what types of farm loans the moratorium covers. Many banks state they already have imposed moratoriums of their own to help struggling farmers with debt-payment problems. Gov. Branstad said his decision to invoke a moratorium was designed to send a "loud and clear" message to Washington about the seriousness of the farm crisis. The action was criticized by both the Iowa Bankers Association and the ABA as likely to hurt the farmers it is intended to help.

\* \* \*

RESCUE-TOOL EXTENSIONS VOTED BY CONGRESS. Congress recently cleared legislation extending for an additional six months two measures used to rescue ailing financial institutions. The legislation extends the net-worth-certificate program for troubled thrifts and the authority for regulators to permit emergency interstate takeovers for failed institutions with more than \$500 million in assets until next April 15. The two provisions of the Garn-St Germain Depository Institutions Act of 1982 were set to expire last October 15. At press time, President Reagan was expected to sign the legislation momentarily.

\* \* \*

INTERSTATE BANKING BILLS GAIN FAVOR. As many as 37 states could have interstate-banking authorization by the end of 1986, according to a New York City consulting firm. Twenty-two states have the authority now. Most states are expected to take the regional or contiguous-state approach, although New Mexico and Vermont are

leaning toward nationwide authority. States where enactment of enabling legislation is most likely include Michigan, Illinois, Wisconsin, Missouri and New Jersey. The District of Columbia also is likely to join the crowd. States where enactment fever is seen as moderately strong include Delaware, Hawaii, Iowa, Kansas, Minnesota, New Mexico, Montana, Pennsylvania and Vermont.

\* \* \*

TREAT FAILING BANKS EQUALLY, FDIC-CHAIRMAN NOMINEE SAYS. William Seidman, who is expected to succeed William Isaac as FDIC chairman soon, says he will "come up with a plan" to treat large and small failing banks equally. He said he is considering several possibilities to eliminate the disparity in handling failing institutions. Among the possibilities is one that would let big banks fail as well as small banks. Another possibility would be to make partial payment to all uninsured depositors. Mr. Seidman supports an increase in bank capital requirements to 9%, regional compacts and risk-based premiums for deposit insurance.

\* \* \*

BANKERS HAVE RESERVATIONS ABOUT NATIONWIDE BANKING. Top bankers generally support geographic deregulation taking place in the U.S. but they have reservations about nationwide banking, according to a Touche Ross survey. Though two-thirds of the 355 executives surveyed by the consulting firm feel nationwide banking is inevitable, fewer than one-half support it. More than 60% of those surveyed said they have been involved in a merger and 83% said their institutions have either approached or been approached by another bank from within their own state. Almost 20% have had discussions with institutions from other states.

\* \* \*

BANK CHARGE CARDS TOP \$4-BILLION IN MIDWEST. The dollar volume of bank charge-card business in the Midwest topped \$4-billion for the first time during fiscal 1985, according to the annual report of Credit Systems, Inc., St. Louis. That's an increase of almost \$1 billion over the previous year's figure, or a 21% rise. Individual cardholder transactions were up 13%.

\* \* \*

ABA SEEKS PRELIMINARY INJUNCTION IN SUIT AGAINST SEC. The ABA has asked the U.S. District Court in Washington, D.C., for a preliminary injunction in its suit against the SEC over the commission's new Rule 3b-9 that requires that banks involved in certain securities transactions register as brokers with the SEC. The rule is scheduled to go into effect next January 1. The ABA says the rule will be harmful to banks because it will cost banks a great deal of money to comply with it. The ABA also says banks would not be able to recoup compliance expenses should the rule be declared illegal.

## MID-CONTINENT BANKER

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## Farmers React to Pressures

### Some plan to leave farming, others fish for alternatives

**A** STUDY of Alabama agriculture conducted by Auburn University has confirmed what many Alabama banks already see in their ag-loan portfolios: Alabama agriculture is not well.

The debt-to-asset ratio of farmers has grown from its typical 15% to 17% level to 28.5%. More than a third of farmers surveyed, 38%, said they probably would leave farming in the next five years.

"Low product prices" was the reason for financial difficulties most often cited by the farmers surveyed. High interest rates and the high cost of inputs also were listed by half of those who responded. Declining asset values in agriculture have further eroded farmers' solvency and caused lenders to look more closely at agricultural loans and show more concern for profitability and repayment ability.

On the bright side, "farmers are looking for alternative enterprises as never before," says Joe Yeager, head of the department of agricultural economics and rural sociology at Auburn.

For example, many farmers in western Alabama are getting into catfish farming, Mr. Yeager points out.

"They are benefitting from an elastic

demand for catfish. Demand for catfish is really growing," he says. Demand for traditional commodities is inelastic, he adds.

"Bankers have been very skeptical and hesitant to lend to catfish farmers," Mr. Yeager says. "I can see why — because they don't have the background and expertise in this area."

Bankers should consider studying catfish farming, both its risks and rewards, so they can make more informed loan decisions, Mr. Yeager suggests.

Mr. Yeager recently spoke at the Commercial Credit Conference of the

Alabama Bankers Association.

More knowledge of agriculture in general is needed in the loan department, he says.

"Banks ought to hire ag agents who know agriculture," Mr. Yeager urges. Several Alabama banks already have done this successfully, hiring recent college graduates with ag educations, or county agents, he says.

The agricultural study was conducted by professor William E. Hardy Jr., and researchers J. Stanton Smith and Laura R. Cox of the department of agricultural economics and rural sociology at Auburn. ●●

### Transitions in Alabama/Louisiana/Mississippi

● **Del R. Tonguette** has joined First National Bank of Commerce, New Orleans, as vice president and director of GulfNet, a regional ATM network.

● **C. Geron "Gee-Gee" Hargon** has been elected senior vice president/commercial banking group at Fidelity National, Baton Rouge.

● **Hibernia Corp.**, New Orleans, has agreed to acquire Southwest Bancshares, Inc., parent of Southwest National, Lafayette. Upon completion of this acquisition and the acquisition of Fidelity National Corp., New Orleans, Hibernia Corp. will have approximately \$3.5 billion in assets.

● **First Alabama Bancshares, Inc.**, has completed its acquisition of Com-

mercial Bank of Andalusia, and has agreed to acquire Shelby State, Pelham. First Alabama has assets of \$3.5 billion.

● **John P. Cabri** has been named president and city executive officer of Central Bank of the South, Cullman, Ala.

● **Robert C. Baird Jr.** has been promoted to president at AmSouth Bank, Jacksonville, Ala.

● **Hayse McGahey** has been named chairman/CEO and Jim Fleming president at SouthTrust Bank of Tuscaloosa County, Northport, Ala.

● **Thomas L. Evans** has been promoted to president and Stephen E. Medlock to executive vice president at Phenix-Girard Bank, Phenix City, Ala.

● **Sanwa Bank, Ltd.**, a Japanese banking company, has signed an economic-development agreement with the state of Alabama calling for an exchange of information that would assist Alabama companies in investing in Japan, and vice versa.

● **Simpson Russell** has been elected president/CEO of First National, Florence, Ala., and its parent, First United Bancorp, Inc.

● **Don R. Mullen** has been elected vice president/consumer services division of Livingston Bank, Denham Springs, La.

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## Ideas for Farm, Ag-Bank Survival Given by Market-Day Speaker

By Jim Fabian  
Senior Editor

**A**PPROXIMATELY 250 bankers from Missouri, Kansas and Iowa recently heard a stockyards executive give four approaches that could help farmers and ag bankers survive the depressed agricultural economy.

Gail Tritle, executive vice president, United Stockyards Corp., St. Paul, told bankers that they must strive to be more efficient, make better use of options and futures markets in improved risk management, change the structure of agriculture and find new approaches to ways farmers and agribusiness can work together.

Mr. Tritle spoke at the annual Market Day at the Yards, sponsored by First National and First Stock Yards banks, St. Joseph.

Addressing the efficiency approach, Mr. Tritle said farmers sometimes are offended when told to seek ways to cut costs because they think they have cut operational costs to the bone already. But, he said, labor costs can be cut and investment in machinery often can be reduced.

"We may have over-equipped to the point that farming isn't supporting the kind of equipment we've had," he said. "There has to be a trade-off between that investment and the labor farming requires."

He added that there will be a change in agriculture in subtle ways, including land ownership whereby a migration back to land rental may develop. Land held by banks that obtained it through unpaid loans may be farmed by a tenant for a long time, he said.

"A lot of people think we will lose the family farm, but I don't think so," he said. "We have demonstrated that the family farm is the efficient method of agriculture. I think there will be more custom feeding of hogs, letting the family farm continue without the risk of ownership. If they don't have the money to buy hogs and cattle, someone will come down the road who will buy the animals and pay for cus-

tom feeding."

He cited a pilot program by United Stockyards that pays farmers to feed hogs for the firm, with a company supervisor serving as advisor.

The tentative return of such an operation appears to be about \$4 to \$5 per hog on an investment of \$70, he said. That adds up to return of about 16% to 20% before taxes. He added that United is thinking of designing a service to be sold that would "let the farmer and friendly lender" own animals being prepared for market.

He cautioned ag bankers to take the lead from farmers by trimming costs in order to survive. Bankers as well as farmers are going to have to cut back on labor costs and find other economies.

"Some farmers won't make it and some banks won't make it," he said. That means that both farmers and bankers — and other ag-related businesses — are going to have to seriously consider that they might be among those that fail.

He added that there will be no stigma in failure, whatever consolation that might be. ●●

### Mergers/Acquisitions In Missouri

● **Mercantile Bancorp**, St. Louis, has completed acquisition of Gravois Bancorp, St. Louis-based HC that owns Gravois Bank, which has five locations in south St. Louis County.

Assets of Gravois Bancorp as of last June 30 were in excess of \$267 million and shareholders' equity was in excess of \$20 million.

● **Landmark Bancshares Corp.**, St. Louis, has agreed to acquire Brentwood Bancshares Corp., St. Louis. Brentwood Bancshares owns Brentwood Bank and has assets of approximately \$75 million and two banking locations.

Landmark Bankshares has assets of approximately \$895 million and 20 locations in St. Louis, Kansas City and

Springfield.

● **Commerce Bancshares**, Kansas City, has merged its banks in St. Louis city and St. Louis County into one institution, Commerce Bank of St. Louis, effective next January 1.

Combined assets for the merged banks are expected to be \$1.9 billion, with net worth of \$125 million when the merger is completed.

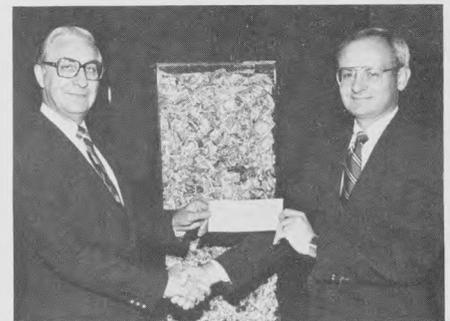
● **Mark Twain Bancshares**, St. Louis, is seeking approval from the Comptroller of the Currency to consolidate its eight St. Louis banks into one institution to be called Mark Twain Bank, N. A.

Reasons for the consolidation include customer convenience and a more efficient administrative structure, according to John Dubinsky, HC president. Each Mark Twain bank location will keep its local identity and will remain a full-service institution.

### Missouri Transition

● **Dan S. Spencer Jr.** has been named a vice chairman/advisory director at United Missouri Bank, Kansas City. He heads the bank's operations department and joined the firm in 1969.

### 'Tower of Money' Winner



Next best thing to winning a state lottery was winning the more than \$2,600 contained in a three-foot-tall replica of Mercantile Tower, home of Mercantile Bancshares, St. Louis! Bruce M. Absheer Jr. (l.), Treasury Dept. employee, came closest to guessing the amount of money in the replica during a contest sponsored by the HC in connection with the opening of St. Louis Centre, new downtown shopping mall that connects to Mercantile Tower. More than 10,500 entries were collected. At r. is J. David Huber, e.v.p.-retail banking for Mercantile Trust, St. Louis. Winner Absheer promptly deposited his winnings in a money-market account at Mercantile!



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## Exxon to Accept MPact Cards For Gas Purchases in Texas

**M**CORP, operator of the MPact Electronic Banking Network, has been named the first banking firm to participate in a POS system developed by Exxon Co. USA that will support the acceptance of debit cards at its service stations across the nation.

The system permits bank customers to purchase gasoline and other services at Exxon stations with their MPact cards.

Service is expected to start in Austin and San Antonio by early December. About 100 service stations are expected to participate. Later this year, the service is expected to become available at about 300 service stations in the Dallas-Fort Worth area. Houston and other markets are on tap for the service in 1986. Eventually, transactions will be accepted at approximately 17,000 service stations throughout the U. S.

The service-station systems operate similarly to ATM systems. Card readers will permit customers to enter their PIN numbers to complete transactions. Customers will use the same PINs that authorize their ATM trans-

actions. Funds are transferred automatically from customers' accounts to Exxon's account.

Exxon will treat POS transactions as though they were cash transactions, qualifying MPact cardholders for a four-cents-a-gallon discount. The service is being offered to Exxon dealers on an optional basis. ●●

### Lynx ATM Network Formed; 20th Largest in Nation

Almost all the ATMs in New Mexico have been linked into a network called Lynx that serves 75 banks, S&Ls and credit unions.

The statewide network is said to be the nation's 20th largest. It serves 835,000 accounts with 280 ATMs in 33 communities.

The network was put together by founding members/owners comprised of Albuquerque Federal Savings & Loan, First Interstate Banks of New Mexico, First National, Albuquerque, Banquest Corp., Sunwest Financial Services and United New Mexico Financial Corp.

Sunwest owns the switch and developed the software from the network. It was the catalyst in forming the network and took the initiative in creating the nonprofit corporation that runs the system. It took about a year for all founding members to agree on formation of the network.

A three-year agreement is in force that permits shared research and development costs and maintains and promotes separate proprietary access-card programs at each member institution.

Transactions initially will be limited to withdrawals from checking and savings accounts, balance inquiries and transfers between checking and savings accounts, according to Lynx chairman Larry Carter, chairman/president, Banquest National, Albuquerque. Credit card cash advances are expected to be available within two years.

### Power-Failure Protection Provides by Generators

Total around-the-clock protection from power failure now is available at Texas American Services, Inc., Bedford, a subsidiary of Texas American Banks.

Texas American Services is the data center for all Texas American banks in north Texas. It operates around-the-clock.

Three 1,000 kw generator sets, each powered by a 1,490 hp diesel engine, guarantee power-failure protection for the facility, according to Jim Walker, maintenance manager. The generator sets primarily provide standby emergency power for the facility's computers, but they can provide enough power to service the electrical needs of the entire building — a 170,000 square foot masonry and glass three-level structure.

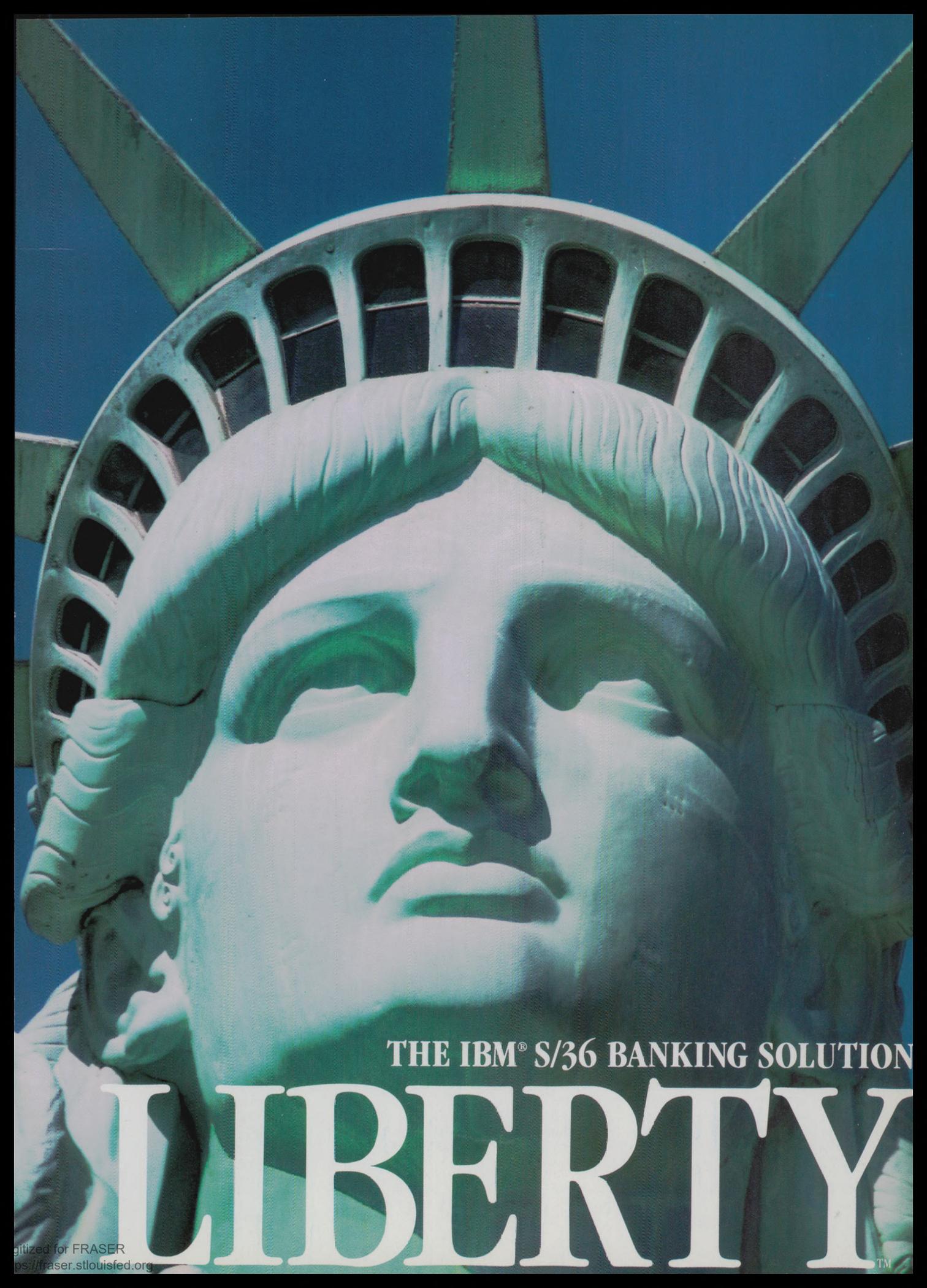
The entire power plant, chillers and emergency batteries are located below ground level. The emergency batteries can keep the facility's computer network operating without a "blip" until the generator sets come on, should there be a power failure, Mr. Walker says.

### Modular Unit Puts Bank in Drive-in Business



What's a newly chartered bank to do when it operates out of a storefront with no space for a drive-in when management realizes a drive-in is necessary to ensure growth? Management of Independence Bank, Plano, asked Son Corp., financial-building supplier based in Wichita, to build and furnish a self-contained drive-in facility in one modular unit. The turnkey unit includes space for two tellers, a night depository, drive-up window and three additional lanes equipped with remote teller units. Son Corp. says the facility can be moved to the bank's permanent headquarters building when that structure is built.

**More State News — Pages 58 to 64**



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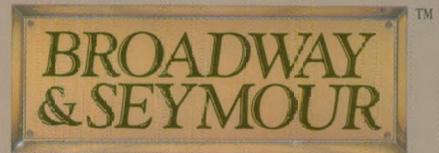
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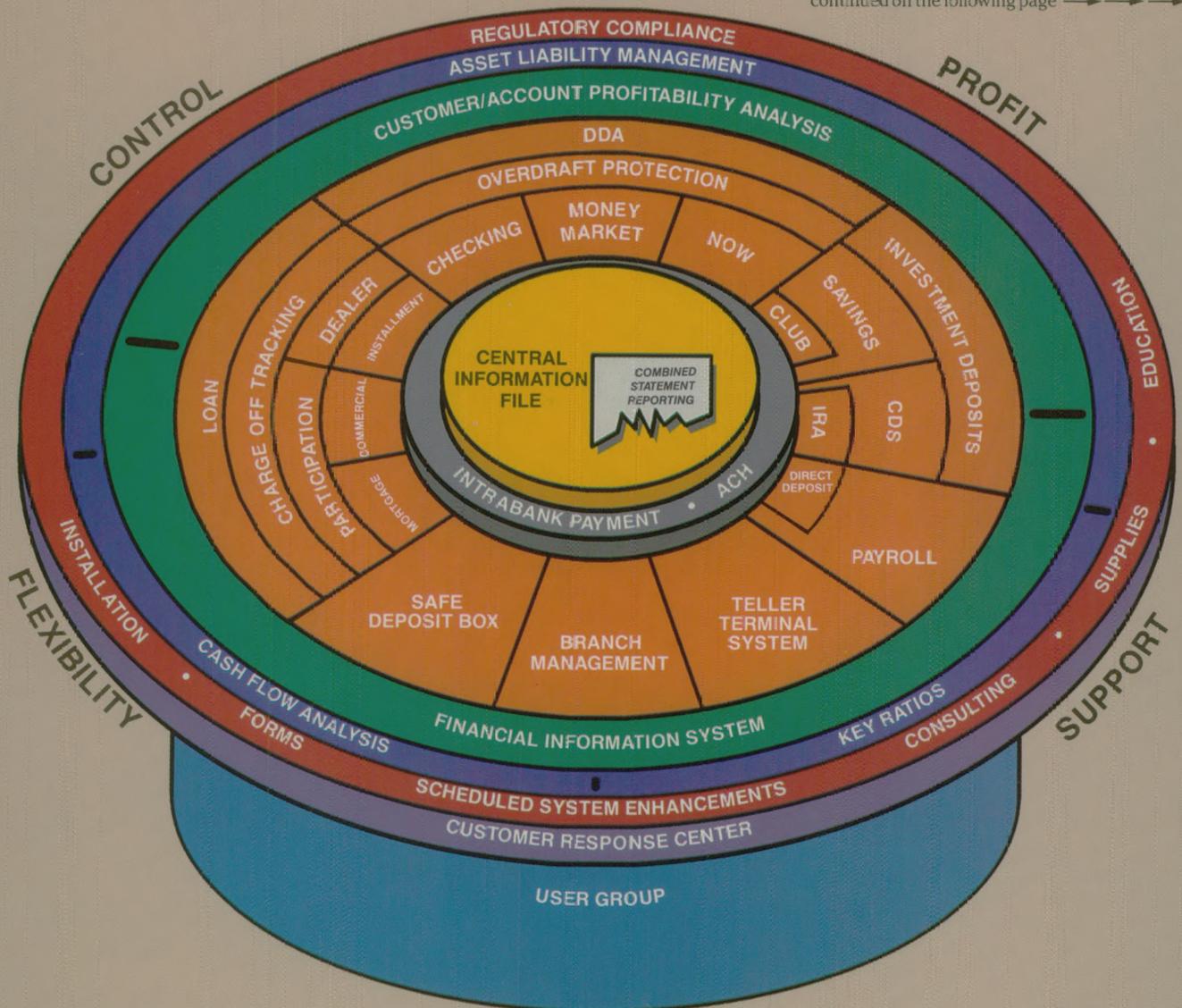
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# A General Overview of LIBERTY™

**Simplicity of Operation**—Non-technical bank employees easily learn and utilize the LIBERTY Banking System.

**Menu Driven**—The system is directed through the choice of a menu option and selections.

**Integrated Software**—All applications are designed to interface or "talk" to each other, eliminating duplication of effort for data entry. The integrated capability allows completely automatic data transfers between applications.

**Parameter Driven**—Parameters allow alterations to the system's internal method of operation without programmer expertise. The system is designed for maximum internal bank control. Deposit service charges, variable rate loan changes, statement messages, and CD rate changes are only a few parameter change possibilities.

**Security**—The LIBERTY Banking System with its System Support Program (SSP) enables a security officer to limit security access at account, function and menu levels.

**On-Line Inquiries**—All customer accounts may be accessed by account numbers, by full name, or by any portion of their name. Inquiry can be made into account data, full customer relationship, transaction history, customer profitability, restrictions on the account, or narrative on the account. Simple function codes allow easy movement between inquiries. Inquiries into the various applications can continue into the daily updating process.

**Automatic Reporting**—This integrated system prints as part of the normal updating process complete daily, monthly, quarterly, and annual reports.

**Federal Regulatory Changes**—Our commitment is to support all Federal Regulatory Changes in the LIBERTY Banking System as needed.

**ATM Support**—LIBERTY will interface to most ATM Equipment, with memo post capability and posting for multiple banks. Network support and strip file creation is available with additional programming.

**Multiple Banks**—LIBERTY has the capability to process individual banks, each with separate files for integrity of data entry, inquiry and reporting.

**Account Maintenance**—Entries can be by MICR documents or keyed into a CRT. Keyed dollar or maintenance transactions are available throughout the day for validation or deletion prior to system updating. Transaction totals are also available for periodic balancing of keyed entries.

**Transaction Codes and Account Numbers**—LIBERTY will support most of your existing trancodes and account numbers, insuring a smooth conversion.

**Controls and Profit Centers**—The LIBERTY Banking System provides up to 899 controls for separating accounts in each application, for reporting totals and General Ledger posting. Additionally there are ninety-nine possible profit centers for branch, facility, and/or cost accounting reporting. Separate reports from each application are printed by controls. General Ledger reports such as the Income Statement and Balance sheet are produced by profit centers.

**Teller System**—Debit and credit memo posting from tellers and ATMs is handled on-line in real-time giving up to the minute account balances. Tellers also have the capability to post a transaction on "today's work" or "closed out." A closed out transaction will be held through the daily update and appear as a pending transaction on the following day's Memo Post screen.

**User Exits**—Within each application, provision is made for the bank to easily exit the program to run sub-routines. This gives the capability to develop specialized programs for internal bank needs with minimal technical assistance.

**Audit Confirmations**—For both internal and external audit requirements, the LIBERTY Banking System allows multiple selection criteria for verification notices and reports.

**Special Management Reporting**—Dozens of reports are available on a request basis for in-depth management analysis and review.

**Interest Reporting**—IRS data is provided via diskettes or tape. 1099s for

customers are also printed. Consolidated interest reporting is available for all customer interest earned and interest paid. Tracking for social security certification, withholding codes, and customer sources for missing social security numbers are only some of the account reporting support.

**Variable Rate Accounts**—The CD and loan applications allow variable rate changes to groups of accounts with one maintenance entry.

**Automatic Application Transfers**—Internal system transfer of funds between deposit and loan applications is set up to move the funds automatically with forecasted and posted transaction reporting.

**Statements**—Statements are printed in check serial number sequence with missing serial numbers flagged. A combined (UNI) statement for your customers is available with LIBERTY.

**Exception Reporting**—The bank selects the exception criteria such as stop pays, holds and call report periods and amounts. Additional items are identified through parameters and account levels automatically printed by the system.

**Schedule J Reporting**—Is generated as part of the quarterly reports with totals for certificates and loans.

**Direct and Indirect Liability Tracking**—Reports and inquiries supply data to track direct and indirect liabilities for both customers and non-customers.

**Users Group**—An active national users group is a valuable resource for designation of system enhancement input to Broadway & Seymour as well as a communication vehicle for LIBERTY Banking System users.

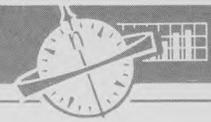
**Hardware**—The LIBERTY Banking System is designed for the IBM System/36. Peripheral equipment can include the document processor, ATM equipment, Personal Computers and the IBM 4700 Branch Automation System.



## Computer Systems and Services

The LIBERTY Banking Solution was formerly the NuComp System, marketed as the IBM Banking System.

IBM is a registered trademark of International Business Machines, Inc.



## Capital Planning for Regulatory Purposes

By James V. Elliott

Washington Bank Consultants, Inc.

**B**ANKERS and regulators view capital in different ways.

The regulators' perspective is influenced by their primary occupational mission — to protect the safety and soundness of the banking system. Bankers, on the other hand, primarily are concerned about earnings, especially earnings on equity. These opposing views have coexisted for many years, with the outcome being a steady decline in capital-to-asset ratios.

Prior to the recent regulatory push for minimum capital, there were some people, both inside and outside of banking agencies, who felt that eventually bank capital ratios — at least for the largest banks — would fall to a point where the CD market would ask a premium and, at some point the increased cost of capital funds would lower return on equity so that a capital floor would be established.

Recent increases in bank failures have cut short any policy that might have allowed banks to set their own capital ratios in response to market forces. Perhaps the pressure on deposit insurance and the implied promise of rescue for the largest banks made it impossible for market forces to set bank capital levels.

Whatever the cause, regulators have stepped in and have begun regulating capital vigorously. They asked for and received legislative authority to set capital ratios for all banks. They now set minimums for the most highly rated banks and individual levels for problem banks. Failure to achieve the required ratio is grounds for civil money penalties.

Since capital cannot be raised overnight, the regulator usually asks the bank for a plan to raise the ratio to a required level by a certain date. Typically, this plan must be submitted to the regulator for approval.

A capital plan submitted in response to a regulatory request is very different from a capital plan drawn up strictly for private entrepreneurial purposes even

though they may be similar in appearance. The draftsman of the regulatory plan must focus on meeting the required ratio. The entire plan must be built around achieving and maintaining that ratio.

In contrast, the long-term entrepreneurial capital plan for the bank must be concerned with absorbing start-up costs and retaining sufficient earnings to ride out unexpected threats to the venture. Private plans

TABLE # 1  
**COMMUNITY BANK CAPITAL PLANNING MODEL**  
Income Projections

	1984	1985	1986	1987	1988	1989
Spread in %	4.90	4.02	4.85	5.00	5.00	5.05
Net int. income	0.74	0.73	0.98	1.11	1.22	1.36
Prov. for loan loss	0.33	0.10	0.18	0.20	0.22	0.24
Non-int. income	0.06	0.07	0.08	0.10	0.11	0.11
Non-int. expense	0.37	0.44	0.58	0.66	0.70	0.77
Securities gains	0.00	0.00	0.00	0.00	0.00	0.00
Result before tax	0.09	0.26	0.30	0.35	0.41	0.46
Tax effect	-0.05	-0.12	-0.14	-0.17	-0.20	-0.22
Net	0.04	0.14	0.16	0.18	0.21	0.24
Result in ROA%	0.28	0.68	0.70	0.72	0.77	0.78
<b>Asset Projections</b>						
<b>Assets:</b>	18.35	20.57	22.63	24.89	27.38	30.12
Cash & due	0.84	0.94	1.04	1.14	1.25	1.38
Investments	5.27	5.91	6.50	7.15	7.86	8.65
Loans net	11.08	12.42	13.66	15.03	16.53	18.18
Fed funds sold	0.40	0.45	0.49	0.54	0.60	0.66
Premises & equip.	0.15	0.17	0.18	0.20	0.22	0.25
Other	0.61	0.68	0.75	0.83	0.91	1.00
<b>Total assets</b>	18.35	20.57	22.63	24.89	27.38	30.12
<b>Liabilities &amp; cap.</b>						
Non-int. deposits	2.45	2.75	3.02	3.32	3.66	4.02
Int. bear deposits	14.67	16.44	18.09	19.90	21.89	24.08
Fed funds purch.	0.00	0.00	0.00	0.00	0.00	0.00
Debt	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.02	0.10	0.17	0.27	0.36	0.40
<b>Total Liabilities</b>	17.14	19.29	21.28	23.49	25.90	28.50
<b>Capital</b>						
Common stock	0.74	0.74	0.74	0.74	0.74	0.74
Pref. stock	0.00	0.00	0.00	0.00	0.00	0.00
Surplus	0.36	0.36	0.36	0.36	0.36	0.36
Undiv. profits	0.11	0.18	0.25	0.30	0.37	0.47
Appl	0.14	0.18	0.18	0.18	0.18	0.18
Total capital w/LL	1.35	1.46	1.53	1.58	1.65	1.75
<b>Total cap w/o LL</b>	1.21	1.28	1.35	1.40	1.47	1.57
<b>Total liab. &amp; cap w/o LL</b>	18.35	20.57	22.63	24.89	27.38	30.08
Capital calculation						
Required ratio (%)	8.00	8.00	8.00	8.00	8.00	8.00
Required capital	1.47	1.65	1.81	1.99	2.19	2.41
Shortfall	-0.12	-0.19	-0.28	-0.41	-0.54	-0.65
<b>RATIO W/LL</b>	7.30	7.03	6.71	6.31	6.00	5.80
<b>INJECTION</b>	0.00	0.00	0.00	0.00	0.00	0.00
Capital after						
Injection	1.35	1.46	1.53	1.58	1.65	1.75
<b>Ratio after injection</b>	7.30	7.03	6.71	6.31	6.00	5.80

therefore are earnings oriented while regulatory plans are ratio oriented.

Capital plans usually consist of skeletal pro-forma financial statements. They are based on assumptions about future asset-and-earnings performance. The balance of this article will discuss how to prepare a solid entrepreneurial plan in a way that also will stand a chance of passing regulatory scrutiny.

### Asset Assumptions

The quickest way to improve capital ratio is to shrink the denominator — in other words, reduce total assets. If the required ratio is 7%, a reduction in total assets of \$1 million is equivalent to raising \$70,000 in new capital.

It is not unusual for a bank under-

going pressure from regulators to also be suffering from a period of too rapid capital growth. This growth probably was achieved by putting on high-cost money.

Shrinkage can be achieved by selling good-quality loans and letting highest-cost liabilities run off.

Such a program must be carefully crafted and involves factors beyond the scope of this article. It can be done, however; I've helped achieve it on many occasions. Beyond outright shrinkage, asset growth must be set at a lower rate than projected capital growth.

### Earnings Assumptions

After shrinkage, the quickest and easiest way to improve ratio is to pro-

ject increased earnings; i.e., increase the numerator. Bankers have a natural tendency to avoid raising external capital by submitting a plan showing a strong earnings performance. Their plans often are rejected by regulators because of overly optimistic earnings forecasts.

The regulatory reaction usually is founded on two factors — historical earnings performance and examination-report findings. Historical performance usually is evaluated by reference to the most recent Bank Performance Report (BPR). This computer-generated summary gives a five-year historical picture of the bank's performance on key ratios as well as comparing the bank and peer performance over the same time.

Realizing that the capital plan really is just a simplified pro forma BPR, regulators just can't accept figures that would produce severely jagged trend lines in earnings. For example, a bank with a five-year average return on assets of .37% does not easily jump to 1.00% in one year. Certainly, this bank would have great difficulty exceeding peer-group performance in one or two years.

The regulatory review also will refer to the examination report as a source to validate or refute earnings forecasts. One key to future earnings is the amount of drag non- or poor-earning assets will have on these earnings. High levels of classified loans virtually are certain to depress future earnings. High levels of past-due and non-accrual loans will have a similar effect. Also, high levels of poorly documented loan files and collateral exceptions will later hurt earnings.

The reviewer will look at the bank's historical net-interest margin (NIM) and compare this with peer banks. If it is below peer, earnings forecasted at or near peer will not be believed. Similarly, heavy fixed costs will not be easy to reduce quickly and are a drag on earnings.

Finally, the reviewer will look at the bank's volatile liability dependence and gap management. Above-peer reliance on volatile funds suggests a need to reach for high-earning assets. If this results in assets which are classified at levels above peer, then the volatile liabilities are a drag on earnings that cannot easily be reduced. Asset/liability mismatches suggest that earnings are sensitive to interest-rate swings up or down. This sensitivity makes the bank's earnings more vulnerable than those of banks with more evenly matched assets and liabilities.

To prepare a more acceptable earnings forecast, the bank must keep its forecast within bounds suggested by BPR and examination results. For ex-

TABLE #2  
**COMMUNITY BANK CAPITAL PLANNING MODEL**  
Income Projections

	1984	1985	1986	1987	1988	1989
Spread in %	4.90	4.02	4.85	5.00	5.00	5.05
Net int. income	0.74	0.73	0.94	0.98	0.98	1.00
Prov. for loan loss	0.33	0.10	0.15	0.15	0.15	0.14
Non-int. income	0.06	0.07	0.08	0.10	0.11	0.11
Non-int. expense	0.37	0.44	0.58	0.58	0.58	0.58
Securities gains	0.00	0.00	0.00	0.00	0.00	0.00
Result before tax	0.09	0.26	0.29	0.35	0.36	0.39
Tax effect	-0.05	-0.12	-0.14	-0.16	-0.17	-0.18
Net	0.04	0.14	0.15	0.19	0.19	0.21
Result in ROA %	0.28	0.68	0.71	0.88	0.92	1.00
<b>Asset Projections</b>						
Assets:	18.35	20.57	20.78	20.98	21.19	21.41
Cash & due	0.84	0.94	0.95	0.96	0.97	0.98
Investments	5.27	5.91	5.97	6.03	6.09	6.15
Loans net	11.08	12.42	12.54	12.67	12.80	12.92
Fed funds sold	0.40	0.45	0.45	0.46	0.46	0.47
Premises & equip.	0.15	0.17	0.17	0.17	0.17	0.17
Other	0.61	0.68	0.69	0.70	0.70	0.71
<b>Total assets</b>	<b>18.35</b>	<b>20.57</b>	<b>20.78</b>	<b>20.98</b>	<b>21.19</b>	<b>21.41</b>
<b>Liabilities &amp; cap.</b>						
Non-int. deposits	2.45	2.75	2.77	2.80	2.83	2.86
Int. bear deposits	14.67	16.44	16.61	16.78	16.94	17.11
Fed funds purch.	0.00	0.00	0.00	0.00	0.00	0.00
Debt	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.02	0.10	0.05	0.01	-0.03	-0.21
<b>Total liabilities</b>	<b>17.14</b>	<b>19.29</b>	<b>19.44</b>	<b>19.59</b>	<b>19.74</b>	<b>19.76</b>
<b>Capital</b>						
Common stock	0.74	0.74	0.74	0.74	0.74	0.74
Pref. stock	0.00	0.00	0.00	0.00	0.00	0.00
Surplus	0.36	0.36	0.36	0.36	0.36	0.36
Undiv. profits	0.11	0.18	0.24	0.29	0.35	0.43
Appl	0.14	0.18	0.18	0.18	0.18	0.18
<b>Total capital w/LL</b>	<b>1.35</b>	<b>1.46</b>	<b>1.52</b>	<b>1.57</b>	<b>1.63</b>	<b>1.71</b>
<b>Total cap. w/o LL</b>	<b>1.21</b>	<b>1.28</b>	<b>1.34</b>	<b>1.39</b>	<b>1.45</b>	<b>1.53</b>
<b>Total liab. &amp; cap w/o LL</b>	<b>18.35</b>	<b>20.57</b>	<b>20.78</b>	<b>20.98</b>	<b>21.19</b>	<b>21.30</b>
Capital calculation						
Required ratio(%)	8.00	8.00	8.00	8.00	8.00	8.00
Required capital	1.47	1.65	1.66	1.68	1.70	1.70
Shortfall	-0.12	-0.19	-0.14	-0.10	-0.06	0.01
<b>RATIO W/LL</b>	<b>7.30</b>	<b>7.03</b>	<b>7.25</b>	<b>7.44</b>	<b>7.64</b>	<b>7.97</b>
<b>INJECTION</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Capital after						
Injection	1.35	1.46	1.52	1.57	1.63	1.71
<b>Ratio after injection</b>	<b>7.30</b>	<b>7.03</b>	<b>7.25</b>	<b>7.44</b>	<b>7.64</b>	<b>7.97</b>

ample, earnings can be forecast to gradually rise to historic peer levels. The regulator expects a forecast of rising earnings but the rate of expected improvement must be within the bounds of reason.

If a capital injection is required to reach the desired ratio, the planner must determine if there is a cost — direct or indirect — associated with the capital injection. Various debt-like instruments such as preferred stock or convertible debentures carry a clear cost. Common stock often is raised by borrowing, however, either by the bank's HC or by individual shareholders. Unless there is a clear indication that the borrower can and will forego dividends to service the debt, there should be a portion of earnings set aside for debt service.

### Putting it All Together

A capital plan resembles a recipe. It is a mixture of varied ingredients that produce a unique product different from its ingredients. There is a wide variety of combinations that can be put together to reach a desired capital ratio. This is an ideal situation in which to employ an electronic spreadsheet program like Lotus or Visicalc. By using these programs, shrinkage, earnings and capital injections can be varied repeatedly until just the right blend is achieved.

Unfortunately, Lotus or Visicalc do not come out of the box ready to run a bank capital plan. It takes many hours of programming to set up the spreadsheet and to operate it as a capital plan.

Having been asked by many clients to help draft capital plans, I have spent enough time to build a model plan on Lotus and Visicalc. Using this model, the first plan can be done in about 30 minutes. Thereafter, variations can be produced in under five minutes, depending on how many assumptions are changed.

The model allows the planner to project specific asset growth targets or a simple annual increase/decrease. It is designed to look like a simplified BPR so it can easily be reviewed by a bank regulator. It produces a return that reiterates last year's results and projects the next five years' income and balance-sheet figures. Once a capital ratio is specified, the model indicates any shortfalls and asks for an injection to bring the ratio back to the desired levels. It provides for a cost-of-service charge to earnings if the injection must be serviced in this way. It allows the banker to set common and preferred per-share dividend levels.

To illustrate how the plan might be

used, I have set up what is sometimes called a "dirty two" — my name for a bank that has been rated two but is trending downward and has come very close to being a three at the last examination. The regulators have yet to classify the bank as a "problem" institution but they have requested that the bank submit a formal capital plan.

Since the bank is not yet a problem, regulators have not mandated a ratio above the current regulatory standard of 6.5%. At the last exam, classified loans rose from 25% of capital to 50%. The bank's provision for loan loss of 1% was found to be inadequate. After the special provision and losses charged off at the examination, the bank's earnings fell from a .60 ROA to .27.

In Table 1, the model is used to

predict capital levels using the last three years' assets growth rate and earnings at about an average for those years. Results show why the regulator is raising the capital issue. The model shows capital falling steadily and reaching 5.8% by 1989.

Clearly the bank needs to retrench. In Table 2, assets are held steady and earnings slowly are restored to peer performance of 1.0%. The result is a reversal of negative trends.

In Table 3, we have assumed the regulators have required an 8% ratio. The previous example shows that earnings alone and no growth will not reach this figure. In this example, a combination of mild shrinkage and a small injection of \$50,000 produced the desired results. ● ●

TABLE #3  
COMMUNITY BANK CAPITAL PLANNING MODEL  
Income Projections

	1984	1985	1986	1987	1988	1989
Spread in %	4.90	4.02	4.85	5.00	5.00	5.05
Net int. income	0.74	0.73	0.89	0.85	0.84	0.85
Prov. for loan loss	0.33	0.10	0.15	0.15	0.15	0.14
Non-int. income	0.06	0.07	0.08	0.10	0.11	0.11
Non-int. expense	0.37	0.44	0.58	0.55	0.57	0.58
Securities gains	0.00	0.00	0.00	0.00	0.00	0.00
Result before tax	0.09	0.26	0.24	0.25	0.23	0.24
Tax effect	-0.05	-0.12	-0.10	-0.10	-0.08	-0.07
Net	0.04	0.14	0.14	0.15	0.15	0.17
Result in ROA %	0.28	0.68	0.73	0.85	0.84	0.94
<b>Asset Projections</b>						
<b>Assets:</b>	18.35	20.57	18.50	18.00	18.00	18.00
Cash & due	0.84	0.94	0.85	0.82	0.82	0.82
Investments	5.27	5.91	5.31	5.17	5.17	5.17
Loans net	11.08	12.42	11.17	10.87	10.87	10.87
Fed funds sold	0.40	0.45	0.40	0.39	0.39	0.39
Premises & equip.	0.15	0.17	0.15	0.15	0.15	0.15
Other	0.61	0.68	0.61	0.60	0.60	0.60
<b>Total assets</b>	18.35	20.57	18.50	18.00	18.00	18.00
<b>Liabilities &amp; cap.</b>						
Non-int. deposits	2.45	2.75	2.47	2.40	2.40	2.40
Inter. bear deposits	14.67	16.44	14.79	14.39	14.39	14.39
Fed funds purch.	0.00	0.00	0.00	0.00	0.00	0.00
Debt	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.02	0.10	-0.09	-0.14	-0.16	-0.19
<b>Total liabilities</b>	17.14	19.29	17.17	16.65	16.64	16.60
<b>Capital</b>						
Common stock	0.74	0.74	0.74	0.74	0.74	0.74
Pref. stock	0.00	0.00	0.00	0.00	0.00	0.00
Surplus	0.36	0.36	0.36	0.36	0.36	0.36
Undiv. profits	0.11	0.18	0.23	0.25	0.26	0.30
Appl	0.14	0.18	0.18	0.18	0.18	0.18
Total capital w/LL	1.35	1.46	1.51	1.53	1.54	1.58
<b>Total cap. w/o LL</b>	1.21	1.28	1.33	1.35	1.36	1.40
<b>Total liab. &amp; cap w/o LL</b>	18.35	20.57	18.50	18.00	18.00	18.00
Capital calculation						
Required ratio(%)	8.00	8.00	8.00	8.00	8.00	8.00
Required capital	1.47	1.65	1.48	1.44	1.44	1.44
Shortfall	-0.12	-0.19	0.03	0.09	0.10	0.14
<b>RATIO W/LL</b>	7.30	7.03	8.07	8.42	8.49	8.67
<b>INJECTION</b>	0.00	0.05	0.00	0.00	0.00	0.00
Capital after						
Injection	1.35	1.51	1.56	1.58	1.59	1.63
<b>Ratio after injection</b>	7.30	7.27	8.34	8.69	8.77	8.95



## The Inside/Outside Dilemma

### A No-Nonsense Look At Small-Bank Automation

By John L. Cleveland  
Editor/Associate Publisher

“WE’RE neither fish nor fowl,” one banker confided to a fellow conference participant. “We use an outside data-processing service but we’re starting to do some of our computer work inside.”

Many bankers from smaller institutions find themselves caught in the same middle ground between an outside data-processing service and their own in-house data-processing department. Not so long ago, only the largest financial institution would have considered an in-house data-processing department practical. But banking and the computer industry have changed and in the process, so have the factors affecting bank data-processing decisions.

Bankers attending the “In-House Computer for Community Banks” conference held in Chicago last month and sponsored by the Independent Bankers Association of America (IBAA) were from institutions with a median asset size of \$40 million.

The largest institution represented had an asset size of approximately \$307 million and the conference speaker,

M. Arthur Gillis, said candidly at the start of his talk that he had no easy answers to offer financial institutions above \$150 million in assets.

Mr. Gillis is a well-known expert on financial-services industry data processing and is president of the Atlanta computer-consulting firm of Computer Based Solutions, Inc. He has authored several books — including *Micros in Banking*.

“The big guys have solutions; the little guys have solutions but (the computer) industry has not done a good job for banks of your size,” Mr. Gillis told the two representatives from the \$307 million bank. Solutions are available but the costs are out of line.

Even though smaller banks now have a wide variety of good software available, potential disaster awaits those small banks that approach the in-house data-processing decision incautiously. Mr. Gillis advised bankers in his audience to make decisions about their software vendor the same way they make lending decisions. Don’t become enamored by a particular product. “The most important question is will that software vendor be around five or six years from now,” Mr. Gillis said.

Although Mr. Gillis has acquired a reputation for advocating in-house computers, there still are good reasons for choosing an outside service provider if the outside data-processing firm can pass certain tests Mr. Gillis described.

Recent developments in the data-

processing industry should influence the in-house computer decision, Mr. Gillis said. Correspondent banks’ share of small-bank data processing has declined from 58% in 1974 to an estimated 30% in 1985.

For the most part, correspondent banks are getting out of providing data-processing services because they have trouble making money at it and because they have data-processing troubles of their own to solve, Mr. Gillis said. One notable exception is Mellon Bank, Pittsburgh.

Service bureaus are having profit problems that have prompted large price increases to at least 75 cents/DDA/month during the last year. Mr. Gillis had little good to say about remote job entry, cooperative arrangements among banks or facilities-management services.

**R**EMOTE job entry is too expensive because the small bank pays both for the hardware to handle input and output and for service-bureau charges, according to Mr. Gillis. Cooperative arrangements among banks work only so long as at least five banks are able to agree on almost everything connected to data processing, he added.

Mr. Gillis is aware of only one case in West Virginia where such a cooperative arrangement has worked to everyone’s satisfaction.

Data-processing facilities management is not a good option for small banks, according to Mr. Gillis, be-

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cause contractors need revenues of at least \$75,000/month to even consider handling a bank's data-processing services.

In-house computers can make sense for a smaller financial institution because they now have a choice of at least five different brands of computers and 10 good software packages, Mr. Gillis said. Size is no barrier to an in-house computer — even de novo banks have converted successfully — and fear of obsolescence is no obstacle if a bank "buys right," he added. An in-house computer is no business for "wimps," he emphasized. "You've got to have street sense and guts."

Mr. Gillis admitted that he has seen conversions go wrong and usually the failures were related to one of the following causes:

- Selecting the wrong software.
- Not paying attention to implementation.
- Attempting to write your own software.
- Relying too heavily on a salesman's promises. Never buy on the basis of what the software vendor says the software will be able to do next year, Mr. Gillis said. "I deal with the best software companies and none of them are on time with their new releases."
- Being the first to use a new software release before it has been properly tested by other banks.
- Not assigning a competent employee to handle the conversion project.
- Selecting hardware that is difficult to get serviced.
- Forcing the software vendor to customize its standard product to do

## MCB Editor McKelvey Dies

Rosemary McKelvey, editor of MID-CONTINENT BANKER since 1977, died on August 29 after a lengthy illness.



Miss McKelvey joined the magazine's staff in 1952 as assistant editor, was promoted to associate editor in 1958, news editor in 1964, managing editor in 1968 and editor in 1977.

She was associated with a weekly newspaper in the St. Louis area before joining MID-CONTINENT BANKER.

She was a graduate of the School of Journalism at the University of Missouri-Columbia.

unique things.

- Selecting a software vendor that is so successful that it is incapable of servicing all of its customers properly.

- Users within the bank fail to get involved and discover after the fact how the system works.

Before converting to an in-house system, small banks should have a good handle on key strategic plans, including future acquisitions and plans for ATM networks, Mr. Gillis told his audience. Small banks have no reason to pay top dollar to hire data-processing professionals, but careful consideration of the type of people

hired to staff the new department is important. "You don't want to tamper with someone else's software," he said. "If you've got a programmer on your staff, then you've got problems."

Most banks have good staff people they can convert into an in-house data-processing staff. People who like to solve problems and who won't go to pieces when things go wrong are ideal, he said.

Attention to security still is important once the system has been installed, according to Mr. Gillis. When a bank is dealing with an outside data-processing service, collusion between someone on the bank's staff and someone at the data-processing service would be necessary for fraud to occur.

Once the new system is up and running, that safeguard is removed and it is possible for someone within the bank who is familiar with the system and who has access to it to take advantage of his/her position. Most people are honest and that may be a bank's best protection, Mr. Gillis said, but it is not something a bank should completely rely on. Very few banks are adequately protected against computer crime, he said.

Cost of a good in-house data-processing department starts at about \$3,242/month for a bank with an IBM System 34 and 7,000 customers. Such a bank would process an average of 2,000 items a day.

"If you're not prepared to spend at least that much, then you are not a candidate for an in-house computer," according to Mr. Gillis. Although the costs may be higher than many bankers might believe, the rewards of an in-house system can be worth the money and effort in handling the conversion the right way. Allow at least nine months to a year to make the conversion, he said.

Hardware is the least of the bank's worries in making the conversion. "I don't know if there is a computer made today that I don't love," he said. "They all add and subtract the same way."

The important consideration is how rapidly the computer will be repaired if it breaks down. The bank should indicate in its maintenance contract the expected repair-response time. Of course, the bank may be restricted to particular hardware depending on the software it chooses, Mr. Gillis said.

Of the nation's nearly 14,000 banks, only about 4,000 have chosen to take their data-processing function inside, Mr. Gillis said.

Not every bank will take the in-house path, but community banks currently are doing so at the rate of 100 to 125/month, he added. ● ●

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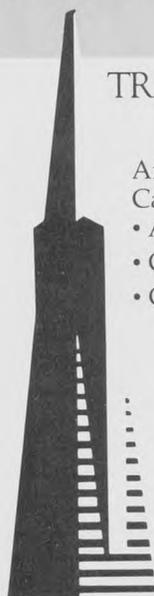
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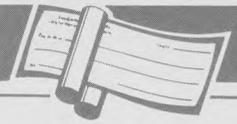
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## System Bars Errors

### Bar Code Technology Cuts Float, Brings Savings to Republic Bank

By Joe Lawler  
Assistant Editor

**B**AR-code technology, already used for years to streamline the flow of items in retail, manufacturing and distribution, has been adapted to save money in the back room of a bank.

RepublicBank Dallas, co-developed the Check Handling Event Control System (CHECS) with Infotrax Control Systems, Inc., also of Dallas.

The system is designed to track large volumes of checks, reducing misplaced or misrouted bundles and allowing a bank to concentrate effort where it will bring the greatest result. The primary benefit is reduction of float loss.

Although the system is the first of its kind and has

been installed less than a year, RepublicBank expects a relatively quick return on its investment, says Jerry McElhatton, managing director/operations group at the bank.

"The cost of the system was in the high six figures, close to \$1 million. Just on the basis of our operations, we expect payback in 18 months," Mr. McElhatton says.

This estimate does not include any personnel savings, "although there may be some," he adds.

The development of the system began more than three years ago when RepublicBank was looking for a way to automate the processing and control of checks.

"We started out with the idea that the system be optically read," Mr. McElhatton says. His experience in industrial engineering led him to consider bar coding.

Manufacturers use bar coding to track parts and components in process — why not use bar coding to control the processing of checks through bank operations?

RepublicBank chose Infotrax, a company which already had developed some bar-code applications for the industrial sector.

The resulting CHECS system has modules to control receiving, processing, dispatching and other functions, using Convergent Technologies hardware.

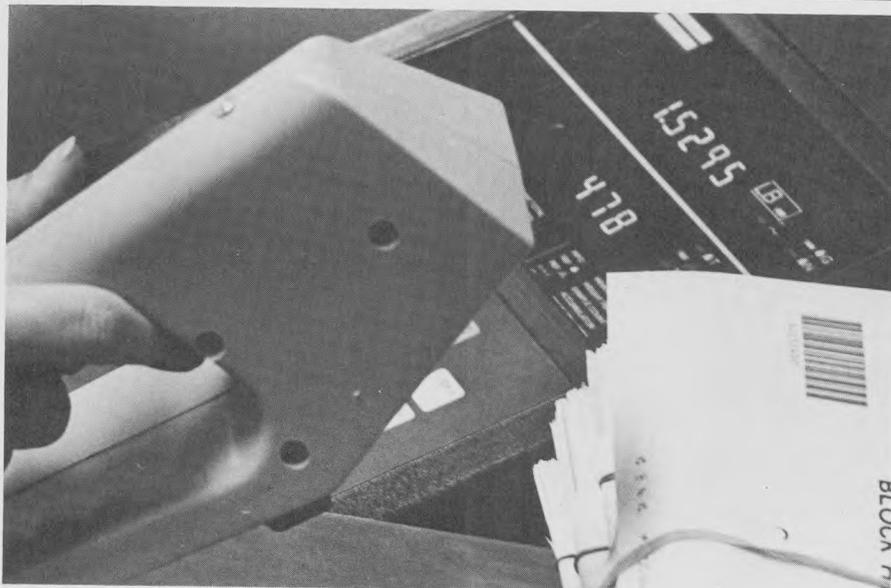
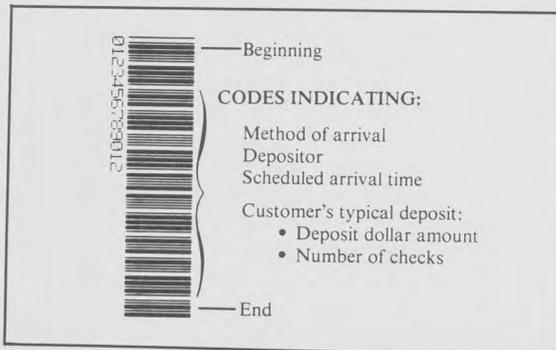
The receiving module is used with both cash-letter receipts from other financial institutions and checks from local commercial customers.

Commercial customers are given a supply of deposit slips pre-printed with a bar code showing the method of arrival, the depositor, the scheduled arrival time and the customer's typical deposit, in both dollars and number of checks.

A laser scanner reads this bar code and a sophisticated scale weighs the bundle. If the scale reports a number of checks inconsistent with the typical deposit, the system flags the bundle and locks up, much like a supermarket bar code reader locks up when it encounters a discrepancy.

Next, a "block building" module enables more cost-efficient processing of incoming checks. Deposit tickets for trays of checks are keyed into the system. "The system conducts a relative-value

RepublicBank Dallas uses a hand-held laser scanner to read bar codes on deposit slips and more efficiently handle incoming bundles of checks. Scale in background simultaneously weighs bundles in both pounds (top number) and number of checks (bottom number). At right: anatomy of a deposit-slip bar code.



assignment," says James C. Selby, president/CEO of Infotrax.

"One tray might be worth \$40 million and 40 other trays might be worth \$4 million, so you can put your effort into the high-value tray.

"In the sorting room, we scan the trays of checks into the system, so we know where the tray is," Mr. Selby says. Once again, this is a work-in-process technique borrowed from the manufacturing sector.

As checks come out of the sorter re-grouped according to end-point destination, "dispatch system" and "courier control" modules move checks out efficiently and accurately, Mr. Selby says.

The dispatch system tracks the value of items going to each end point. "Each bundle has a predetermined value and cash letter. A bar code is printed on the cash letter, summarizing the amount of the cash letter, the number of items and the number of pockets going to the end point," Mr. Selby explains.

"The bundles are wrapped up, put in bags, and the bag gets a bar code." The label shows the end point, both in bar code and in English.

"We 'scan' that bag out to the courier," Mr. Selby says. The courier-control module then knows which courier has which bag.

"What this does is prevent misroutes," Mr. Selby says. Misroutes already are being avoided at RepublicBank, he adds. Fewer misroutes means less debit float. "These are real, direct dollars being saved."

Infotrax is marketing the system to the top 150 U. S. financial institutions. "We have received an excellent response," Mr. Selby reports.

An institution must process about 500,000 items per day to justify using portions of the system, he adds. The complete system is targeted for banks with a daily volume of 1.5 to 2 million items and Federal Reserve banks.

Apparently several banks are impressed with RepublicBank's success with "CHECS," Mr. Selby says. "We already have a dozen good prospects.

• **Marybeth Fidler Bernhardt**, senior vice president/manager, commercial-lending division, D. C. National, Washington, D. C., has been elected president of the National Association of Bank Women. The association held its annual convention last month in Philadelphia.

### RMA Mid-South Chapter Elects New Officers

William C. Scholl, senior vice president, First Commercial Bank, Little Rock, has been elected president of the Mid-South Chapter of Robert Morris Associates for the 1985-'86 term.

Elected vice president was J. W. Coker III, vice president, Deposit Guaranty National, Jackson, Miss. New secretary is James M. Whalen, vice president, Whitney National, New Orleans, and W. Randy Reagan, senior vice president, Commerce Union Bank, Memphis, is treasurer.

Four new directors were elected: Frank Clark, senior vice president, Fidelity National, Baton Rouge; Wallace B. Cunningham, executive vice president, First Commercial, Little Rock; Ron Redden, first vice president, National Bank of Commerce, Memphis; and James H. Stringer, vice president, Deposit Guaranty National, Jackson.

• **Diane M. Casey** has joined the Washington staff of the Independent Bankers Association of America as federal regulatory liaison. She formerly was a senior bank examiner with the Cleveland Fed, specializing in consumer affairs. She covers all federal regulatory issues relating to community banks and is responsible for communicating the IBAA's viewpoint to bank regulatory agencies.

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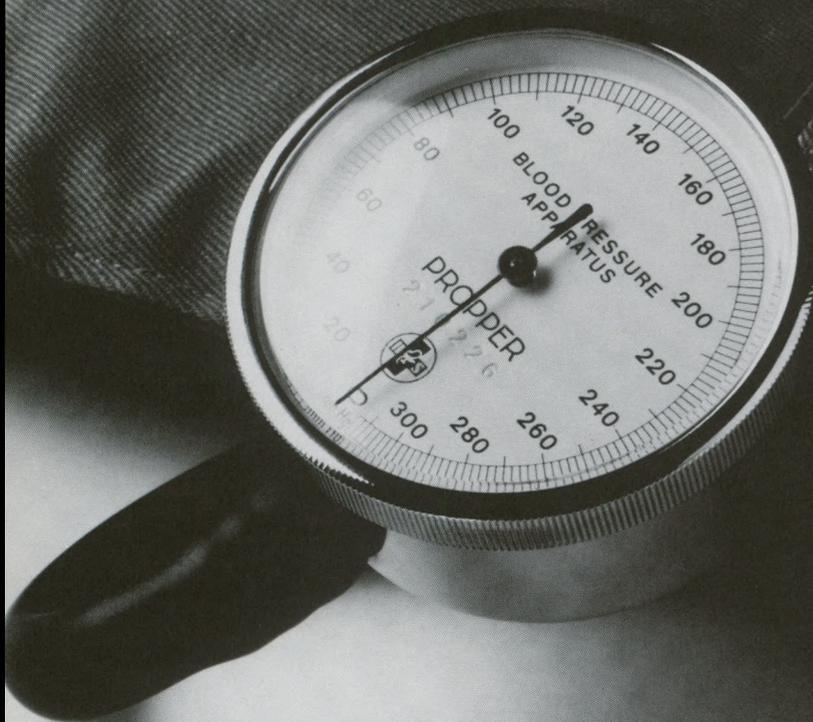
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## Prescriptions for Savings

### Consultant Offers Suggestions For Cutting Health-Care Costs

By Joe Lawler  
Assistant Editor

**W**HILE health-care costs continue to climb as a percentage of payroll costs, banks and human resources directors have a greater arsenal at hand than ever before to fight those costs.

Jay C. Lewis summarized and updated those techniques for a capacity crowd at the ABA Human Resources Conference, held September 8-11 in Washington, D. C. Mr. Lewis is a principal and senior consultant with Mercer-Meidinger, Inc., Pittsburgh, a human-resources consulting firm.

Mr. Lewis grouped cost-containment techniques into three areas: cost reduction, cost sharing and cost management.

#### Cost Reduction

Cost-reducing techniques are measures that encourage more cost-effective delivery of health care and healthier employees. Among these techniques are:

- Second opinions on elective surgery. There is no hard data available on this yet. Unfortunately, human-relations directors may find that this technique raises costs in the short term until some unnecessary treatments are avoided. However, it only takes a few avoided operations to pay for the program.

- Preadmission testing. Have tests completed at a facility less expensive than the hospital.

- Ambulatory surgery. Consider the use of a "Doc in the box," or ambulatory surgery facility, Mr. Lewis said.

- Use extended-care facilities, hospices or home health care rather than hospitals when possible.

- Institute a generic-drug program rather than using more expensive yet medically identical brand-name drugs.

- Use alternative delivery systems such as health maintenance

organizations or preferred provider organizations.

- Base payment for services on a "diagnostic related grouping (DRG)" as used by Medicare to pay only the average cost of any particular service.

- Manage health care. These more ambitious techniques include: pre-certifying elective hospital procedures, conducting concurrent utilization review, planning discharges and instituting programs to control physician expenses.

- Educate employees. Explain all actions before they are implemented. Ask employees to take responsibility for their health care. For example, employees should examine their medical bills.

- Wellness programs offer a long-term solution. Unfortunately, because the payback is long-term, wellness programs are hard to sell to top management. It's difficult to sell a CEO on a wellness program, Mr. Lewis conceded, when the CEO will be gone before the program pays off. Wellness programs fall into four general areas: physical fitness, improved diet and nutrition, behavior modification regarding substance abuse and stress reduction.

#### Cost Sharing

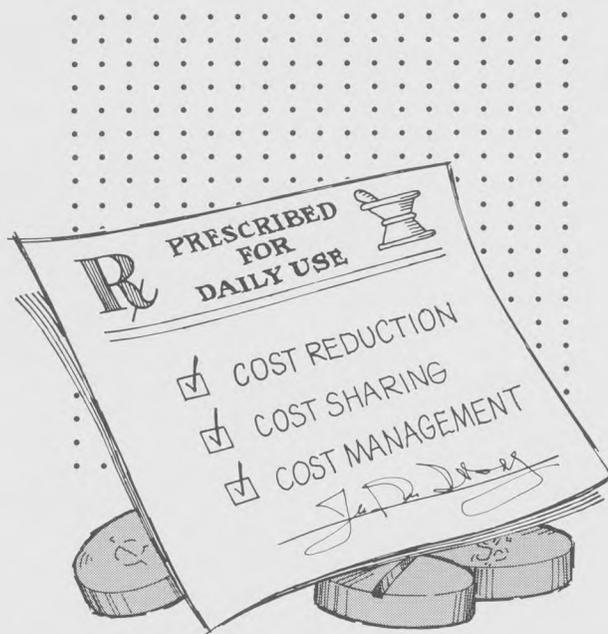
Cost sharing, Mr. Lewis said, is a nice way of saying cost-shifting — to employees.

Increasing the employees' share of the cost of health care gives employees a potent incentive to become cost conscious, Mr. Lewis added. Some techniques are:

- Raise deductibles.
- Raise coinsurance percentages. These first two techniques are fairer for employees because they are utilization-based. Only the employees who use the services will pay more for them.

- Increase employees' contributions.

- Raise the out-of-pocket maximum. "This can be raised to \$500, even \$1,000, to make it catastrophic coverage," Mr. Lewis said. Unlike health insurance, most other types of insurance do not pay for every minor damage. "Homeowners insurance doesn't cover your shingles blowing off. It's only for catastrophes."



- Place a dollar limit on procedures or room rates.
- Grant rebates to employees who recover overcharges.
- Design flexible benefit plans to meet the needs of the changing work force. The growing number of women in the work force has brought a reduced demand for traditional medical benefits.

- Institute flexible spending accounts, allowing employees to allocate a fixed number of pre-tax benefit dollars as they see fit. Unfortunately, such "cafeteria plans" are under scrutiny by the IRS and are on the table for consideration as Congress drafts tax-reform legislation.

### Cost Management

Cost-management techniques are administrative funding methods of controlling health care costs. Some of these are:

- Analyze your plan utilization. Gather data and share it with employees to help them make informed choices.
- Monitor coordination of benefits administration.
- Review reasonable and customary guidelines.
- Audit claims payments.
- Audit hospital bills.
- Check eligibility files.
- Obtain prompt payment discounts.
- Examine funding issues, such as reserve levels, premiums and stop-loss coverage.
- Devise contract incentives for the administrator to control utilization.

Business health coalitions offer banks another means of pressuring the health-care industry to improve efficiency and control costs. However, as several attendees at the conference pointed out, participating in a coalition carries the risk of retaliation by hospitals. "The hospitals are some of our biggest customers," one attendee said.

One solution to this bind was reported by another attendee. Bank CEOs in his city actively participated in the coalition. These CEOs also sat on the boards of local hospitals and hence had the clout to help reach the coalition's goals. The support of top management is vital for the success of a business health coalition, attendees agreed.

Fortunately, the health-care industry today has fewer justifications for rising prices than it had in 1982, Mr. Lewis said. Inflation no longer can be cited as a cause. Overutilization has been slowed. Usage of the third-party reimbursement system, "which insulates the purchaser from actual costs," has been reduced. The inefficiencies of the delivery system have been reduced and competition has been stimulated by alternative providers.

On the other hand, several factors from 1982 continue to boost prices and motivate human-resources directors to control costs, Mr. Lewis said. High technology still comes with a high price tag. Our aging population continues to age. And physicians continue to practice defensive medicine, ordering excessive tests to protect themselves in case of malpractice suits. ●●

## Congress to Debate 401-k, Other Benefits

**W**ILL they or won't they? Will Congress scrap the 401-k retirement plan and tax other employee benefits?

No one knows for sure, not even Bill Archer (R-Tex.), the second-ranking Republican on the House Ways and Means Committee. However, you can expect the committee to zero in on employee benefits when it begins to write a tax-reform bill this fall, he said.

The reason, Rep. Archer said, is the same answer Willie Sutton gave when he was asked why he robbed banks. "Because that's where the money is." An increasing amount of employees' compensation is being shielded from taxation as benefits, Rep. Archer complained.

Rep. Archer spoke on benefits taxation at the ABA 1985 Human Resources Conference, held September 8-11 in Washington, D. C.

The topic was appropriate. A survey of conference attendees showed taxation of employee benefits to be the legal/legislative issue of greatest concern.

However, the federal budget deficit far surpasses tax reform in importance to citizens and legislators, Rep. Archer said. "Tax reform is significantly below the deficit in importance."

If and when Congress does produce a tax-reform bill, expect the business portions of the bill to be "even more complex than the present law," Rep. Archer warned.

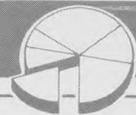
As far as the 401-k question, he disagrees with President Reagan's proposal to eliminate 401-k to generate income. While Rep. Archer believes that excessive benefits are tax-free, he is convinced that 401-k stimulates savings — which are desperately needed by American business. "Admittedly, we are borrowing too much, but we also are not saving enough." Expect 401-k to be debated, Rep. Archer said.

The 401-k plan has come in for criticism in Congress "because it is heavily skewed toward high-income employees," said Sylvester Schieber, a panelist at the conference. Mr. Schieber is director of research and information at Wyatt Co., Washington, D. C.

On the other hand, Congress is worried about the inevitable retirement of the baby-boom generation and the resultant pressure on the Social Security system. The 401-k offers a partial solution.

Human-resources directors have a potent lobbying tool in the 20 million employees already participating in 401-k plans, Mr. Schieber said. "Put a stuffer in their pay envelopes," he said. Explain the situation and include their congressmen's addresses.

"Congressmen don't read their mail, but they do weigh it," Mr. Schieber joked, "And that's a lot of mail to weigh."



## Incentives for Loan Officers

By Joe Lawler  
Assistant Editor

**S**ALES-incentive plans for commercial loan officers hold a lot of promise, says Bill Nord, vice president at Norwest Bancorp., Minneapolis. But designing such a plan for the credit area brings a unique set of challenges — not the least of which is ensuring credit quality.

Mr. Nord has become familiar with these challenges over the past year, while investigating incentive plans for the commercial loan area at Norwest.

"For us, this is truly an experiment," Mr. Nord says. "We may decide yet not to do it."

The potential benefits of implementing an incentive plan in commercial lending already have been enumerated by Leonard Berry of Texas A&M University, Mr. Nord says. Dr. Berry has studied sales cultures at successful banks.

These primary benefits are:

- *Support the business strategy.* "If the bank strategy is a bit different from what you've done in the past, a sales-incentive program can help you focus in that direction. In particular, if you're changing to a more sales-oriented strategy," Mr. Nord says.

- *Rewards vary with performance.*

- *Control fixed compensation costs.* "Under an incentive plan, when a person performs well, the base salary stays the same and the incentive compensation varies. Without the incentive plan, the base salary goes up in a good year and stays up in a bad year," Mr. Nord explains.

- *Meet competitive pressures.* Eventually incentive plans may become necessary to meet incentives offered by the competition.

- *Create a win/win mentality.* The loan officer is tied more directly to the performance of the bank.

### Some Caveats

On the other hand, originating commercial loans is not quite the same as selling vacuum cleaners. Loan officers are paid their incentives long before the loan is — you hope — repaid.

"Nowhere else in the bank is there the same degree of risk assumption in an incentive plan," says Dave Simmons, principal with Towers, Perrin, Forster & Crosby, Inc., Atlanta. Mr. Simmons specializes in compensation consulting, including sales compensation.

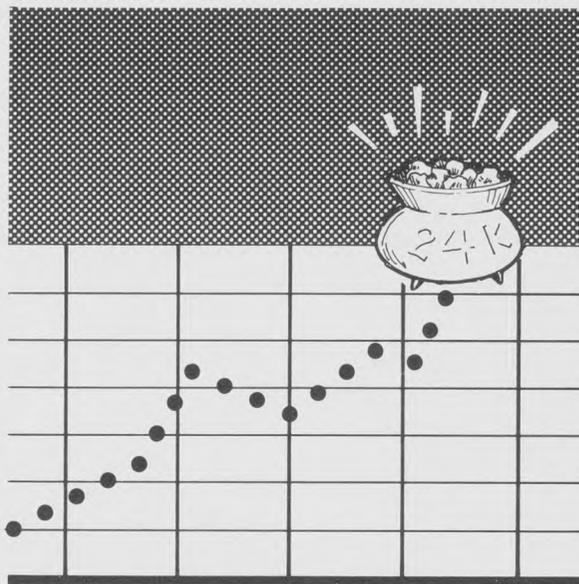
"Loans can look good for five years, then get hit by a bad economic turn," Mr. Simmons points out.

"Credit quality must be a part of the incentive plan, assuming you have salespeople making credit decisions," Mr. Nord adds.

### Ensuring Quality

"Only a handful of banks are dealing with this," Mr. Simmons has found. "Most people are dealing with the

How to structure an incentive program that will motivate commercial loan officers, while maintaining portfolio quality? The jury is still out.



credit-risk problem by avoiding it.”

Some of the techniques that *are* used:

- The most common approach used, Mr. Simmons says, is to factor the bank's performance and the individual's performance into the incentive equation. This requires some advanced information systems support.

- In the “California approach,” business-development personnel are paid incentives to generate prospects and direct them to a credit officer. The credit officer, who is not on the incentive plan, makes the approval decision and takes over the relationship with the customer. The question is, Mr. Nord asks, will it fit your bank's image to have business-development personnel representing your bank to the community?

- Base incentive pay only on the profitability of the officer's portfolio. This depends on following a strict credit-approval process. Unfortunately, Mr. Simmons says, most banks do not have the information systems in place to generate this measurement.

- Base incentive pay only on loans approved by the credit committee. The drawbacks: this slows the credit-approval process when banks are trying to speed it up. It adds fuel to the natural antagonism between the loan officer and credit-review committee. “Also, would the credit committee be ready for the onslaught of work?” Mr. Simmons warns.

- Extend the timeframe of performance

measurement. For example, pay half the incentive now and spread the other half over several years, subject to the performance of the portfolio. While this technique does detract from one of the main attractions of an incentive plan — its immediacy, it makes sense because the work being measured is not completed immediately, Mr. Simmons says. “I lean toward something that rewards performance within a historical context,” he says.

“In my mind, no one has come up with a very good solution to the problem of credit quality,” Mr. Nord says.

Based on his consulting experience, Mr. Simmons agrees: “Most bankers I talk to say, ‘We're working on it,’ ” he says.

At Norwest, credit quality is just one of four criteria in the incentive equation, Mr. Nord explains, along with net interest income, fee income and credit for deposits.

### Information Needed

Another important factor to consider is the information needed to measure performance in the credit area. For example, if incentives are to be based on fee income, associated deposits or other indices, “Do you have the information systems to give you the measurements you need?” Mr. Nord asks.

Another challenge to information systems: Loan officers and loans tend to be mobile. Loan officers move around within the bank and commercial clients are reassigned to other officers.

At the functional level, a loan officer is not quite the generic position as, say, a bond trader, Mr. Simmons points out. “You could have three commercial loan officers in a room, and they're all doing different jobs,” Mr. Simmons says.

### Identifying Salesmen

The best candidates for sales positions in commercial lending may not fit the traditional “salesman” model, Mr. Nord of Norwest says.

Banks make a common error when they assume that a good talker will make a good salesman, he says. “In some of our sales training at Norwest, we look at the good salesman as more of a listener than a good talker.

“We look for someone who can establish a relationship with the customer, who is oriented to sitting down with that customer and determining his needs and structuring a solution to that need,” Mr. Nord says.

This calls for someone with the willingness to establish and maintain long-term relationships, the creativity to solve problems and the knowledge necessary to make credit decisions, he says.

The preceding areas of concern — ensuring credit quality, meeting information needs and finding appropriate personnel — are only the major challenges peculiar to the commercial-loan department when designing an incentive program.

### Early in the Game

While a handful of banks are blazing a trail in paying incentives to commercial loan officers, these banks aren't exactly blowing a trumpet for others to follow.

“This is probably regarded as the single most proprietary thing banks are doing today in the area of compensation,” Mr. Simmons says.

“The days are gone when a banker will stand up at a seminar and tell you exactly what he's doing. They have too much time and money invested in it.” ● ●

## Midwestern Bankers To Speak at BMA

**M**IDWESTERN bank executives will be among the 60 speakers at the Bank Marketing Association's 70th annual convention at the Sheraton Waikiki in Honolulu Nov. 10-13.

Among the midwesterners are Mark Sheffert, executive vice president, and Robert H. Baker Jr., senior vice president, consumer banking, both of First Bank System, Inc., Minneapolis; and Michael W. Riley, executive vice president, Signal Hills Bank, West St. Paul, Minn.

Robert D. Dye, senior vice president, Financial Shares Corp., Chicago, will speak on “Reaching Small- and Medium-Size Businesses Through Direct Marketing.”

Other topics to be addressed include product development, research and planning, advertising strategy, public-relations techniques, sales training, approaches to high tech, ATM deployment and corporate delivery.

U. S. Sen. Jake Garn (R., Utah), chairman of the Senate Banking, Housing and Urban Affairs Committee, will present an update on deregulation prospects in 1985-'86, including legislative forces shaping the industry.

Other speakers will include Richard S. Braddock, group executive/Citicorp consumer financial services, on “The Changing Financial-Services Environment Is Testing Our Marketing Skills”; Marshall Loeb, *Money* magazine managing editor, on “America in the Late 1980s: What the Future Will Hold for the Country — and Financial Services.”



# Tinkering With Merger Barriers

## Bankers Fault Logic Of FDIC's Proposal

By Jim Fabian  
Senior Editor

**O**PINIONS of bankers are crystallizing over the issue raised by the FDIC that would help smaller institutions while hindering their larger brethren when seeking merger approvals.

Late last month, the federal agency proposed that two components be added to the agency's evaluation of merger applications.

- The FDIC would take into account the competition from all types of financial services firms in a particular market when considering small-bank mergers.

- It would evaluate the "potential" competitive effect of the entry of a large bank into a new market.

Despite the lowering of barriers for smaller banks, bankers representing such institutions are loud in their disagreement with the FDIC's thinking.

"We don't favor expanding the merger guidelines because it greases the skid leading toward larger financial institutions. It's anticompetitive, period," said Kenneth Guenther, executive vice president, Independent Bankers Association of America.

Counting thrifts in the pool for determining market share "implies that thrifts offer the same services as banks, which is totally inappropriate," he added.

The FDIC not only wishes to include thrifts in its merger-evaluation deliberations, but nonbanks, including Sears, Roebuck & Co. and Merrill Lynch & Co., both of which tout their financial centers.

The agency's proposal to expand the definition of a market relating to merger applications will accommodate the changing financial services environment where "banks not only compete with each other but also with S&Ls, investment-banking houses and other financial-service providers," said William Isaac, FDIC chairman.

He said that currently, when two banks proposed to merge, the FDIC looks at the combined institution's market share in relation to other area banks. The new proposal would make it easier for banks to merge, since inclusion of the market share of all financial institutions in the trade area of the merger applicants would tend to dilute the market share of the merged institutions.

"It's a positive move for banks," said Richard Whiting, general counsel, Association of Bank Holding Companies. "It recognizes the realities of the marketplace and means a proposed merger looks less anticompetitive than if judged in just a pool of banks."

In explaining the proposed change in policy affecting large banks, Mr. Isaac said that, currently, a large bank's application to acquire a bank in a new market isn't considered anticompetitive because the merger wouldn't make a larger combined institution.

But, under the new proposal, the FDIC could find the merger anticompetitive for "the overall concentration effect" it would have on the market.

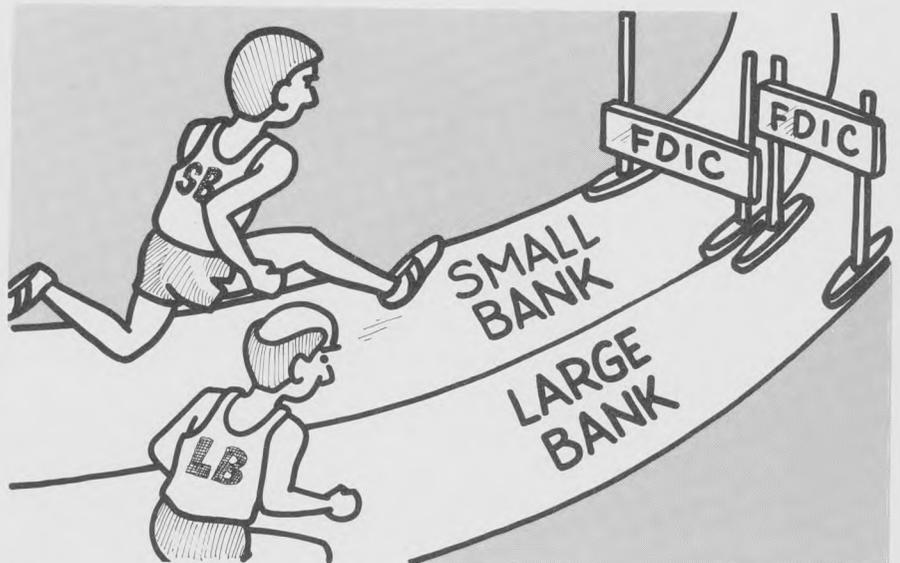
According to the FDIC, "Relatively large regional and national firms, with little or no physical presence in the

local market, may often exert a substantial influence on local pricing decisions and competition." It states that these influences will be taken into consideration when appropriate in judging the potential anticompetitive impact of a proposed merger transaction.

Mr. Whiting of the Association of Bank Holding Companies questions the reasoning of the agency because its proposed standard "doesn't provide guidelines for the banking industry in this era of interstate mergers." He added that a potential competition theory as a bar to a proposed merger has never been upheld in federal court.

Mr. Isaac said the potential competition standard would be applied when a large bank seeks to acquire "one of the biggest players" in a market where it hasn't yet established a deposit base.

The merger proposal, which the FDIC is seeking comment on until the end of the month, would affect mergers involving the 9,500 state-chartered banks supervised by the FDIC and any of the 14,700 federally insured banks seeking to acquire a nonbank such as a savings and loan and mergers in which the agency provides financial assistance.





## Software Benefits Farmers

### Provides Better Projections For Bankers to Make Judgments

By Dick Landis

**F**ARM financial problems are putting tremendous stress on rural lenders and farm-credit institutions. Foreclosures and refinancing have created a paperwork blizzard that boggles the mind. Delinquencies are up by nearly 20%, with banks writing off nearly \$900 million in agricultural loans. Twelve percent of the nation's 5,000 agricultural banks reported negative net income last year. The Farm Credit System, which holds more than 30% of all farm debt, also has severe problems. PCA and Federal Land Bank shakeups and consolidations, prominent in the West last year, are moving into the Midwest this year.

As a response to the crisis, the Farmers Home Administration (FmHA) and other lenders contracted with farm managers and financial consultants throughout the country to pick up the slack in credit processing. They assisted farmers in completing refinancing forms, credit applications, cash flows and balance sheets. With their help the farm-credit picture came out better than expected: only 5% of farmers didn't qualify for operating loans this spring, far less than the predicted 14%. However, paper processing still was "Herculean" and it's not expected to get any better next year, so now is a good time for reflection and correction.

One of the standard tools ag lenders and financial consultants have used to assist the farmer are the manual coordinated financial statements (CFS) from Century Communications. When FBS Systems of Aledo, Ill., released a computerized version of CFS last November it had difficulty keeping up with the demand. A large number of ag lenders in rural banks, PCAs and Farm Credit Banks — as well as agricultural consultants, farm managers and farm owners — purchased the program.

Because it was the height of the loan season, FBS had no feedback from its customers so it conducted a CFS applications survey this summer. It was part of an effort to assure the software is as responsive to user's needs as was the manual CFS system. All program purchasers were mailed questionnaires that included a series of questions in five areas: user profile, user's software selection criteria, user's applications of the program and an assessment of CFS with recommendations for changes.

Of the more than 50 surveys returned, six samples were selected for in-depth review. They were chosen because the applications had a direct impact on

farm-credit processing. Also concerns, criticism and suggestions for change are included but not emphasized.

Survey respondents interviewed included an accountant, two farm managers (one a real estate broker, another who doubles as a financial consultant) and three commercial lenders. Three of the six are farm owners in addition to their various professional roles.

Most users who purchased computerized coordinated financial statements had been using the manual system or were familiar with it and hoped to save time with a computer. One respondent had read about CFS, five others had filled out all or part of the forms and one was using the manual system regularly.



Tom Bullinger, head of the agri-business department at National City Bank, Marion, O., was enthusiastic about the software. He explained why.

"Only 30% of our business is ag related and the same people who review other credit applications are the ones who pass on farm loans, so they expect the same businesslike approach.

"So last fall we held regional CFS orientation and training meetings with ag customers in each of the geographic areas we serve," Mr. Bullinger said. "Now all our ag customers are filling out the forms. It usually takes only one or two visits to get them completed accurately and farm-loan customers are impressed," he continued. "One farmer said he wished he'd started using the system 10 years ago."

He told about a customer who had been farming part time but had a chance to increase his acreage and quit his nonfarm job. When the bank had him cashflow the new option, he decided against it because he was clearly going to make less than he originally thought. He even reduced the acreage he was farming and got more involved in his other work.

However, Mr. Bullinger said, "It works both ways," and he described another CFS experience. This time it

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was a new client, a father-and-son operation. They wanted to expand their dairy so they could support both families. The loan request called for adding on to the dairy barn and increasing the herd by half. The application met with skepticism from the non-ag members of the loan committee and was about to be rejected when Mr. Bullinger asked a local accountant to step in and prepare a business plan. The accountant used CFS for the cash flow and balance sheet and a Lotus 1-2-3 template for trend and ratio analysis. These documents, along with a five-year projected business plan, made the day.

When the nonfarm members of the loan committee saw figures presented in this familiar businesslike format — with loans broken down into short-term and intermediate financing using the bank and the FmHA — the applications were reconsidered and accepted.

The bank charges no additional fees for keying in the farmer's data and running the reports because they feel they're sharing in the rewards of better decision making. Mr. Bullinger says the value of CFS hasn't been completely documented yet, but it has clearly raised both the client's and the bank's awareness — to the benefit of both.

### Local Bank Referrals

Larry Foss, an accountant and owner of Golden (Ill.) Business Consultants, Inc., became familiar with CFS after taking a course sponsored by the FmHA. All of his CFS clients came from local bank and FmHA referrals.

As his clients come into the office for the first interview, he goes through the forms and explains why they're important. He then gives the client the computer-generated forms to take home and fill out.

Mr. Foss plans to buy a portable computer so he can go to the farms to help customers find and enter data. He says it's important because so few of his clients have adequate recordkeeping systems. Now, they bring in partially completed forms and have to be sent home several times to find additional information. He feels with a portable computer he could complete all the forms in an evening because he knows where to find the information in farmers' documents. He also will learn a lot more about their operation that way.

"It really helps to be at their place when I set up an inventory or a fixed-asset table," he said.

He plans to offer training on filling out the forms and to increase farmers' recordkeeping competence so the in-

### Farm-Credit Problems Topic at ABA Ag Conf.

The financial stress being experienced by the Farm Credit Administration (FCA) will be addressed during the ABA's National Agricultural Bankers Conference, November 10-13 at the Hyatt Regency Hotel, Dallas.

Marvin Duncan, senior deputy governor of the FCA, will discuss likely future directions of the agency and the consequences its problems will be expected to have on the banking industry.

Other topics to be explored at the conference: "Building the Business of Agriculture" with Jerome Green, president/CEO, J. I. Case Co.; a session on world events featuring senior editors from Newsweek magazine; and more than 20 concurrent sessions.

Registration information is available by calling the ABA's Banker Education Network, 202/467-6738.

formation is more readily available. He already has noticed several clients' satisfaction in having detailed data to back up what they know intuitively.

"There have been no great insights or life-changing revelations because of CFS, just an increased confidence that farming is really a business, not just serendipity. The more I use the forms, the more I look forward to FBS's integrated TransAction Plus accounting and crop-audit programs." He needs those programs to provide a full cost-accounting service bureau for his clients.

"The CFS reports are great decision aids and with the computer I can get them out much faster. But an even higher priority for my clients are the monthly reports generated by a good crop-cost-accounting program."

James Graham, a farm manager from West Union, Ia., not only filled out the survey, he added a two-page letter describing his experiences with CFS and included some recommendations for changes.

Mr. Graham uses CFS with his private clients as well as those he works with under contract with the FmHA. He has used the program to develop restructuring plans for farmers undergoing Chapter 11 bankruptcy, as documentation support for refinancing and to build a history for farmers who are changing lending institutions. He also has clients who bring in their data from the TransAction Plus program twice a year to update their loan-application requests.

The success he had with the program this spring brought even more referrals. As loan officers see the print-outs and recommendations resulting from his use of CFS, they are sending their troubled clients to his firm for help.

He told one story about a client he worked with under FmHA contract. The banks had recommended changes in his operation for two years but they never had the hard data to convince him. The old timer always came back with "I don't need to change, we've always farmed this way and it's always worked before." He was being hard headed but he also tried to understand. Every year he'd sit down with the banks' recommendations and a pencil and paper to try to figure out how they arrived at their conclusions.

### Farmer Frustration

"The operation was so large he just couldn't get a handle on all the information necessary to make sense out of what they were saying," Mr. Graham explained. The farmer's frustration mounted, the bank's patience waned and finally Mr. Graham came in and used a CFS cash flow to show him why the changes were necessary.

Mr. Graham had another farm client who looked at his operation using CFS and had the presence of mind to liquidate before he really got hurt.

"Sometimes it's harder for a farmer to make basic P & L decisions because farming is more than a business; it's a lifestyle, and options other businessmen take may not be available to him," he said.

"The major value of CFS for many farmers is the aura of efficiency that comes from actually seeing their own records in a computer format. We know lenders are impressed by data presented this way, now the farmers themselves are beginning to have more respect for financial information."

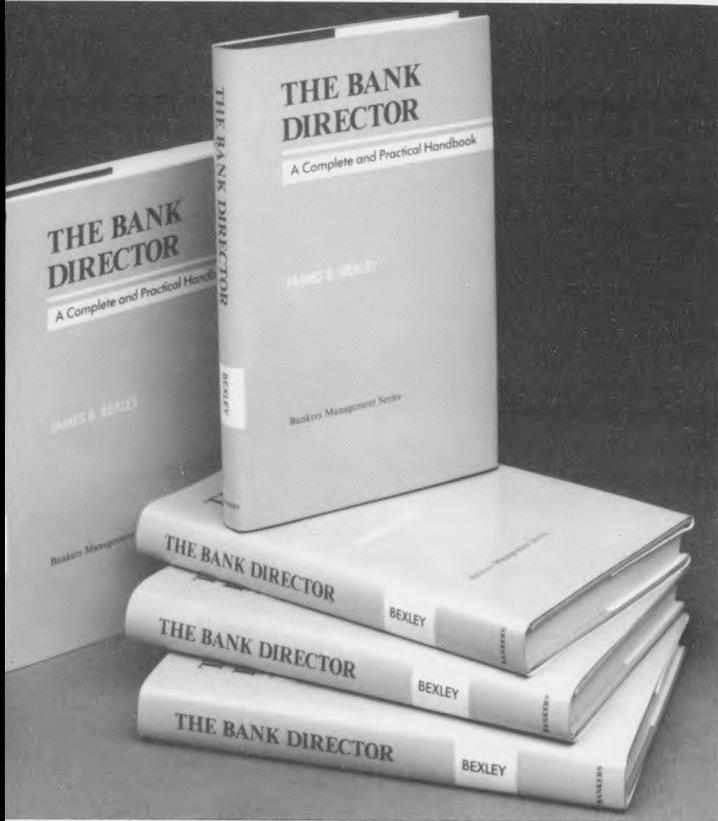
Leroy Sandven, loan officer at First National Oelwein, Ia., described the bank's approach to CFS as a learning process for both the bank and the problem-loan customer.

"Eventually we plan to have all our customers on CFS, but we started with those who had good records. We were training two of our people to keypunch in data from the worksheets and it would have been a hassle to try and straighten out poor records and learn about computers at the same time," Mr. Sandven explained.

"The Iowa Bankers Association financial statement we use is close to

*(Continued on page 56)*

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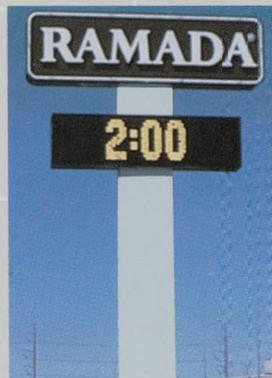
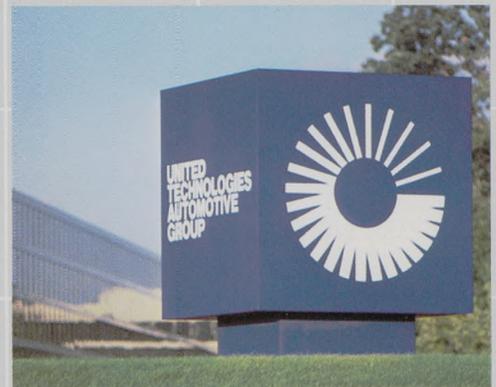
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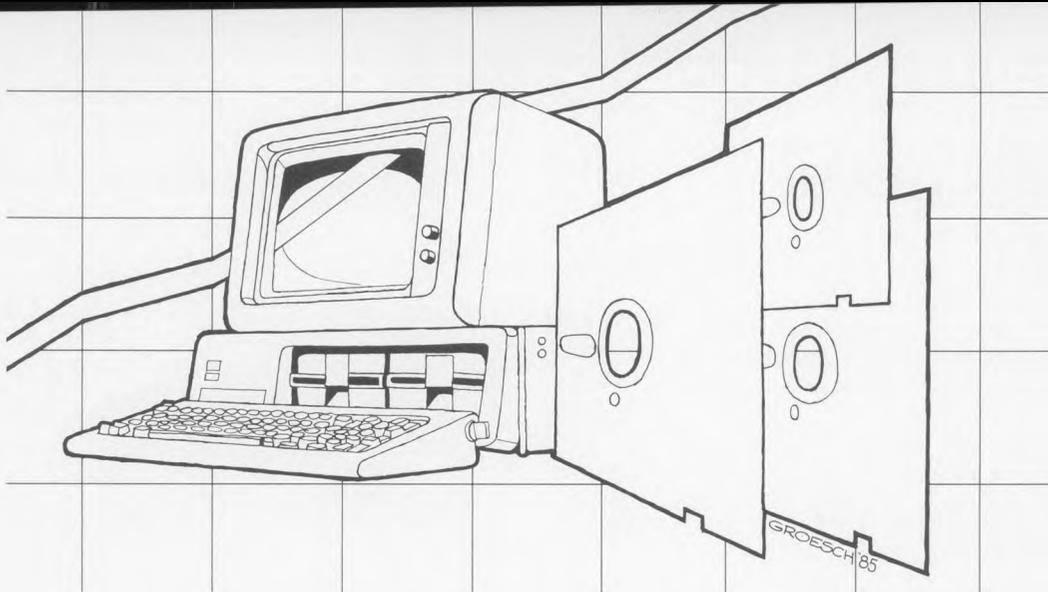
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## Financial Institution Software Directory

**M**ORE than 100 firms responded to the FINANCIAL BUYER'S GUIDE software directory survey. The results — published herein — represent what we believe to be the most complete compilation of software for the financial-services industry available anywhere. The listings are grouped alphabetically by type of use below. You will find an alphabetical listing of vendors beginning on page BG/16.

Let us know what you think of this directory and if you have any suggestions for improving it. The next directory will be published in March, 1986. — The Editors

### Accounts Payable

#### *Accounts Payable*

IPS's Accounts Payable System is a complete disbursements system providing vendor invoice processing, user-definable checks, 1099 reports and more.

IBM PC, PC-XT, PC-AT or compatible NCR PC-4, Compaq

**Interactive Planning Systems, Atlanta GA**

### Agri-Banking

#### *CFS*

Electronically transforms familiar CFS (Coordinated Financial Statement for Agriculture) worksheets and statements into computer-generated screens and reports. Credit analysis, customer service, financial control, financial planning.

IBM PC and compatibles, TI-PC, Tandy 2000

**FBS Systems, Aledo IL**

#### *ACRES — Agricultural Credit Review & Evaluation System*

Provides a true cash-centered analysis of the client's ability to repay bank debt based on the client's historical financial records and projected cash flows using livestock, crop and/or product information.

IBM PC, XT, AT/IBM compatibles — 256K Memory

**Crowe, Chizek & Co., South Bend IN**

#### *Ag Pac*

Provides profit/loss analysis, real estate/financial analysis for crop, dairy and livestock enterprises.

Apple II series, IBM PC, XT, DEC Rainbow, NCR and soon to be MS DOS

#### **Wisconsin Microware, Madison WI**

#### *FARMChek™*

Computer-based financial-management service designed for the particular needs of farmers, ranchers

and small businessmen.

Burroughs B-90 and larger

**Farm Data Corp., Burnsville MN**

#### *BankDisk Agricultural Cashflow*

Includes a worksheet on which the user enters a client's pertinent data. Calculates short-term debt based on customer marketing and expense information on both a monthly and yearly basis.

Apple 2, 3; IBM PC, XT, AT; Burroughs ET2000, B20, B25

**Financial Systems, Inc., Kearney NE**

#### *AccuFarm-GL*

Follows the format of FHA-approved Coordinated Financial Statements for cash-flow monitoring, tax purposes or complete general ledger designed especially for farmers and farm lenders.

IBM or compatibles

**Ontario Systems Corp., Muncie IN**

#### *The Homestead Financial Planner*

A tool for farm credit analysis that benefits ag lenders by generating more reliable information in less time. It produces monthly cash flows, financial ratios and other reports.

IBM PC, XT, AT and IBM compatibles

**Homestead Management Systems, Inc., Des Moines IA**

# Financial Institution Software Directory

## Amortization

*BankDisk General Financial Calculator II*

Provides amortizations, depreciation schedules, actuarial and 78s payoff and the installment loan and data calculation programs found in calculator 1.

Apple 2, 3; IBM PC, XT, AT; Burroughs ET2000, B20, B25

**Financial Systems, Inc., Kearney NE**

## Asset-Based Lending

*CLF/3000*

On-line, interactive computer system designed to support asset-based lending. It manages cash, disbursements and daily activity with corporate, regional and branch-reporting capabilities.

**Custom Application Systems, Inc., Los Angeles CA**

## Asset/Liability Management

*Chameleon*

Profit-planning and A/L management software designed especially for smaller institutions with 12-month annual model. Complete "what if" capabilities and report set, including variance reports.

IBM PC, XT, AT and compatibles, Digital Rainbow, 100

**Advanced Planning Systems, Inc., Profit Planning Systems Div., Arlington Heights, IL**

*PROFITSTAR*

Comprehensive, yet easy-to-use asset/liability management and budgeting system. Flexible accounts and planning periods. Static and dynamic GAP analysis. Graphics built into the system.

IBM PC, XT, AT and compatibles; Burroughs B-21 and B-25; Apple III F.N.

**Bankware, Inc., Omaha NE**

*MIC II*

Projects impact of plans and interest rate changes on balance sheet, income statement and rate-sensitive

BG/4

position. Enhanced by such features as user-defined GAP time horizons, yield calculators and context-sensitive help messages.

IBM PC and compatible hardware

**Cliff Davis Associates, Inc., Memphis TN**

*microBRMS*

A menu-driven, simple-to-use asset/liability system that encourages frequent "what-if" analysis. Static and dynamic gaps are part of standard output that is complemented by a full report writer.

IBM, Wang, Compaq and other compatible MS-DOS micros

**Chase Manhattan Bank, New York NY**

*Financial Institution Planning System (FIPS)*

Complete asset/liability management software. User-defined account titles. Gap analysis. Report on head office & regions separately or consolidated. Defined cost centers.

IBM PC, AT, XT and compatibles

**Hale Systems, Inc., Palo Alto CA**

*GAPMANAGER I*

A comprehensive asset/liability management system which enables the financial officer to identify interest-rate risk due to a mismatch of assets and liabilities maturing in future periods. It has extensive forecasting and reporting capabilities.

IBM-PC (and compatibles), IBM-XT, WANG PC, T. I. Professional, Burroughs ET 2000

**Distributed Planning Systems Corp., Calabasas CA**

*FPCS — Financial Planning and Control System*

Saddlebrook's FPCS is a complete General Ledger and Financial Reporting System designed to streamline accounting operations. Emphasis is on management reporting: asset and liability management, pro forma modeling and cost accounting.

**Saddlebrook Corp., Cambridge MA**

*Asset/Liability Management*

IPS's Asset-Liability Management package is designed to assist in the optimization of a financial institution's net-interest margin providing complete GAP reporting, net-interest margin analysis and "what-if" forecasting.

IBM PC, XT, AT or compatible NCR PC-4, Compaq

**Interactive Planning Systems, Atlanta GA**

*Money Maker, Plansmith, Plansmith Plus, Plansmith Extended*

Four different levels of asset/liability management software depending on the degree of required sophistication. Extended version permits analysis out to six years. Training provided.

IBM compatible and others

**Plansmith, Palatine IL**

*BancPlan*

An asset/liability management and profit-planning model with unlimited "what-if" capabilities and an interactive summary program. Planning can be done on an annual or long-range (three-year) basis by quarters.

IBM PC, XT, compatibles, Compaq, Victor 9000

**Advanced Planning Systems, Inc., Arlington Heights IL**

*ALMS (Asset/Liability Management System) — Bank & S&L Versions*

Modular asset/liability system. Module I is gap analysis/simulation and management reporting; module II is optimization; module III is bond swaps, module IV is futures trading/hedging.

IBM PC, XT, AT

**Systematics, Inc., Little Rock AR**

*The Sendero Model, Level I, Level II, Level III*

Menu-driven guide to aid bankers in making repricing decisions and setting balance-sheet goals. Financial statements and gap-analysis reports are produced for evaluation. Key market rates are used to project interest rates.

IBM PC, XT, AT, and compatibles such as Compaq, Monroe, Burroughs, AT&T

**Sendero Corp., Phoenix AZ**

See page BG/16 for alphabetical listing of vendors.

### *Complete Asset/Liability Management System*

Comprehensive system providing asset/liability management with gap analysis, financial planning, budget comparisons, key-ratio reporting, regulatory reporting.

Most popular microcomputers

**Financial Technology, Inc. Chicago IL**

### **ATM Processing**

#### *ATM Management System*

Permits banks to have ATMs interfaced directly to their computer. Provides memo posting to balance files, audit and control. Will support Diebold, NCR, IBM and many other ATM types.

IBM S/34, S/36, S/38, 4300

**Arkansas Systems, Inc., Little Rock AR**

### **Banking/Finance**

#### *PeerLine*

Allows banks, S&Ls or holding companies to make an anonymous monthly comparison of critical performance measures such as fee income, loan quality, staff productivity, new business generation and more.

IBM or compatible

**InnerLine, Arlington Heights IL**

#### *Systematics Source Systems*

A complete set of integrated software for financial institutions including loans, deposits, CIF, Profitability Analysis, Financial Management and micro-mainframe link.

IBM 43XX, 30XX

**Systematics, Inc. Little Rock AR**

#### *PC/Banker General Ledger*

System allows a small to mid-size bank to capture daily transactions, post them and produce financial reports.

IBM PC, XT, AT

**Response, Inc. Jackson MN**

#### *BankDisk Controller*

Information based on up to 200 user-definable accounts. Allows user to define up to 50 key ratios based on account information. Performs "what-if" comparisons. Stores test plan for manipulation without affecting accrual or budgeted information.

IBM PC, XT, AT

**Financial Systems, Inc. Kearney NE**

### **Banks-Internal Accounting**

#### *Accounts Payable*

This software system allows the user to maintain vendor records which are used in creating and printing checks. Year-to-date figures are maintained for each vendor. Each check may be disbursed to up to five general-ledger accounts. The system allows the user to store recurring checks.

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M86 or CP/M 86.

**Microsys, Inc., Albuquerque NM**

### **Batch Data Transfer**

#### *SI Query™/SI GATEWAY™*

Query is user-friendly tool that resides on PC and consists of hierarchy of menus and associated screens through which a financial manager can formulate queries. Gateway permits uploading/downloading of data.

IBM AC, XT

**Systematics, Inc., Little Rock AR**

### **Board Reporting**

#### *BankDisk Board Reporting*

Allows the bank to consolidate daily statement information into a report format. Includes tabular and graphic representation of account balances and performance and/or key ratios.

IBM PC, XT; Burroughs ET2000

**Financial Systems, Inc., Kearney NE**

### **Bond Accounting**

#### *Non-Interest Payment System (BIPS)*

A real-time system for processing registered, partially registered and bearer bonds. It can handle transfers, check printing, collection-letter processing, report requests and call processing in a real-time environment.

IBM mainframe or compatible or Series 1

**Shaver Associates, Inc., Orlando FL**

#### *Bond Plus*

A complete bond-portfolio database designed to allow the addition of user-desired custom features.

IBM PC, HP150, HP120, compatibles

**Marcal Systems Corp. Cary IL**

#### *Bank Investor, Securities Accounting, Analysis, Pricing System*

A comprehensive bond-accounting analysis and decision-making package providing bond accounting, portfolio analysis, multi-bond swapper and bond calculator.

Most popular microcomputers

**Financial Technology, Inc., Chicago IL**

### **Bond Swaps**

#### *The Money Market Swapper*

Powerful program for analyzing advantage of swapping one group of short-term securities for another.

Apple II+, IBM PC, XT, AT

**Piedmont Software Co., Charlotte NC**

#### *Bond Swap Manager Series*

Powerful program for analyzing profitability of swapping one group of fixed-income securities for another. Allows great flexibility in setting parameters of swap: Consideration of TEFRA, Fed or local taxes, accrued interest, coupon compounding.

Apple II+ and IBM PC, XT, AT

**Piedmont Software Co., Charlotte NC**

### **Card Processing**

#### *Faraday Card Processing System*

Enables financial institutions to submit diskettes from personal computers for data input in embossing, encoding and other card services, thus improving plastic-card processing and turnaround.

IBM and compatible micro and mini systems

**Faraday National Corp., Herndon VA**

### **CD Accounting**

#### *CD Accounting*

IPS' CD Accounting System handles floating rate CDs, 1099 reporting, back-up withholding, automatic interest calculation and early withdraw-

# Financial Institution Software Directory

al penalties.

IBM PC, XT, AT or compatible, NCR PC-4, Compaq

**Interactive Planning Systems, Atlanta GA**

## *PC/Banker-Certificates of Deposit*

Allows a small- to mid-size bank complete control of processing of certificates. Prime rate and money-market rates are maintained. The system prints checks, notices and 1099s.

IBM PC, XT, AT

**Response, Inc., Jackson MN**

## **Contract Collection Accounting**

### *Contract Collection Manager*

Automates contract collection and disbursement services. It computes and deducts fees, applies payment to contract, prepares disbursements, journals, reports and receipts, ACH interface available.

IBM PC, XT, AT

**Learned-Mahn, Inc., Boise ID**

## **Credit Analysis**

### *FAMS — Financial Analysis Management System*

User can create selected industry analysis by defining the entire chart of accounts, account types, cash-flow position and reporting "logic." Includes short-term and long-term projections, compliance reporting and peer group analysis.

IBM PC, XT, AT, IBM compatibles — 512K Memory

**Crowe, Chizek & Co., South Bend IN**

### *MMAS — Middle Market Analyst's System*

MMAS provides for similar historical analysis as CCAS using 5 year-end and 5 interim periods. The short-term and long-term projection module allows for greater detail matching each chart of account line item as exists on the client's statements. 10 periods are available for long-term projection.

IBM PC, XT, AT, IBM compatibles —

BG/6

256K Memory

**Crowe, Chizek & Co., South Bend IN**

### *CCAS — Commercial Credit Analysis System*

Through historical evaluation of balance sheet and income statement information, CCAS provides ratios, trends, reconciliations, cash-centered cash flow and RMA data submission forms. Short-term (12 month), long-term (4 yrs) and peer-group analysis are also included.

IBM PC, XT, AT, IBM compatibles, Apple 256K Memory

**Crowe, Chizek & Co., South Bend IN**

### *BankDisk Commercial Statement Spreading*

Lets user name certain assets and liabilities to customize balance sheets and income statements for particular businesses. Printed statement spreading reports consist of a 5-year balance sheet, income statement, key-ratio analysis, trading-cycle analysis, common-size comparative statements, funds-flow analysis and RMA statements studies data submission form.

**Financial Systems, Inc., Kearney NE**

## **Currency Control**

### *Currency Control*

IPS's Currency Control is a branch cash-management tool allowing for target cash levels and actual shipment dates to be set for each individual branch.

IBM PC, XT, AT or compatible, NCR PC-4, Compaq

**Interactive Planning Systems, Atlanta GA**

## **Customer Information**

### *Communicator™*

A CIF System designed to automatically merge name and address files from application software, providing on-line inquiry, teller handler, ATM handler, and Marketing Analysis.

Burroughs Medium (only)

**Bank Earnings Systems, Inc. Commerce GA**

### *Banking Customer Information System*

Provides banks with the ability to cross-reference, locate and retrieve customer-account information for tellers, loan officers and other bank officials. Up to 100 related account numbers and comments per customer.

IBM System 34/36

**Arkansas Systems, Inc., Little Rock, AR**

## **Customer Profitability**

### *PROFITMANAGER I*

Provides the lending function of the bank with the ability to define its own client relationships and evaluate their profitability. It further provides the loan officer with a flexible method of repricing the services to the client in a profitable manner.

IBM-PC (and compatibles), XT, AT

**Distributed Planning Systems, Corp., Calabasas CA**

## **Deposit-Box Accounting**

### *PC/Banker-Safe Deposit Box*

Maintains complete record of safe deposit box rentals, availability and provides renewal notices. System tracks various rates for rental and calculates automatic payment deductions.

IBM PC, XT, AT

**Response, Inc., Jackson MN**

### *Safe Deposit Box Accounting*

Provides complete recordkeeping and billing capabilities for a single or multi-branch financial institution.

IBM PC, XT, AT, NCR DM5, PC4, Burroughs B-25

**Interactive Planning Systems, Atlanta GA**

### *Safe-Deposit Billing*

Automates the safe deposit box inventory and customer billing functions. Manages customer waiting list. Box numbers may be alpha. Information by location (branch). Handles automatic charges to deposit accounts. Allows multiple box types and rates. User-defined bills, notices and automatic charges. Handles sales tax and ZIP + 4.

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M86, or CP/M 86.

**Microsys, Inc., Albuquerque NM**

### *BankDisk Safe Deposit Box Accounting*

Has the ability to debit accounts or initial bills through the built-in forms generator to custom design forms. Permits the user to bill monthly, every two months, quarterly, semi-annually or annually.

IBM PC, XT, AT; Burroughs ET2000

**Financial Systems, Inc., Kearney NE**

### **Electronic Funds Switching**

#### *OCM24 ATM/EFT/POS*

Turnkey EFT software system which includes Card Holder Management System, Transaction Control System, Shared Networking Facility and Central Switch Network. Each module can be installed independently.

IBM 370, 43xx, 30xx, DOS, OS, MVS, CICS

**SDM International, Inc. Fuquay-Varina NC**

### **Electronic Banking (Videotex)**

#### *Scratch Pad — Electronic Information System*

Presents information to microcomputers on a dial-UA basis, and interfaces to mainframes to provide interactive transactions, including cash management and home banking on 4 to 48 ports.

Datapoint 3200

**Shuttle Corp., Redmond WA**

### **Electronic Funds Switching**

#### *WireNet*

An automated funds transfer and management system which connects a bank's wire room to Fedwire, SWIFT, Bankwire and Telex as well as the bank's DDA/GL systems.

IBM PCs & ATs running on IBM PC Network

**BankPro Systems, San Francisco CA**

#### *Q-UP*

Q-UP is a family of software modules designed to run on a variety of computers for transaction switching and processing applications.

IBM Series/1 and Series/1 PC AT or XT, IBM 370X Compatible Mainframes, IBM System/88 or Stratus/32 Continuous Processing System.

**Quadstar Corp., Dallas TX**

#### *SATM (R)*

Commercial electronic funds transfer switch providing on-line support for ATM/POS devices and various host computers.

HP1000

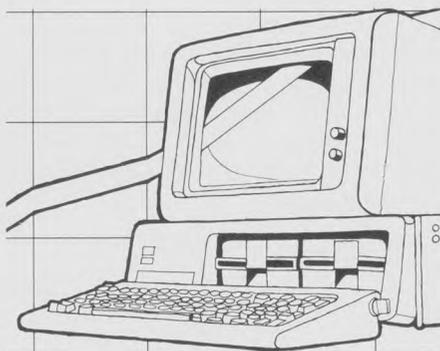
**ATM Network Management Corp., Downers Grove IL**

#### *F.D.I.C. Call Report System 3130e*

A functional and cost effective software system designed for F.D.I.C. insured banks. The system automates the quarterly call report required by the F.D.I.C., F.F.I.E.C. and the Federal Reserve Bank.

IBM PC, XT, AT and compatibles.

**Burg-Lewis, Inc., Houston TX**



### **Financial Planning**

#### *OMNI Model Building Report Language & Data Management*

Customized reporting, "what-if" analysis, sensitivity analysis, complete financial routines, extensive forecasting and statistical analysis, computer-generated work sheets, standard mathematical expressions.

IBM 370, 4300, 3XXX Univac 1100, Decuvax Data General, Prime HP1000A900 AT370 Micro VAX II

**Haverly Systems, Inc., Denville NJ**

#### *PFP™ Decision-Maker and PFP Professional*

Software, market research, implementation guides, and marketing pieces for the institution investigating personal financial planning (Decision Maker) or implementing the service (Professional).

IBM/PC, PC/XT, PC4700, IBM PC compatibles

**Infoware Corp., Nashville TN**

#### *Financial Planning System (FPS)*

A comprehensive planning system providing monthly, quarterly, and annual forecasts, cash-flow simulation, base rates, budgeting, customized reporting, GAP merger analysis, multiple forecasting and branch profitability.

Hale Systems' Burroughs B-7850. Used on a dial-up basis via terminal or micro computer.

**Hale Systems, Inc., Palo Alto CA**

#### *System W*

System W is an integrated family of software products ranging from mainframe-based business modeling, analysis and query software to personal computer-based modeling and work-station software. Uses of this system support:

IBM 4300 series and higher under VM/CMS or MVS/TSO operating systems.

**Comshare, Inc., Ann Arbor MI**

#### *Financial Planning*

Integrated mainframe and micro-computer software for financial planning and reporting. Features financial modeling, relational database management, statistics, graphics, report writer, and micro-mainframe link.

IBM Mainframes

**Comshare, Inc., Ann Arbor MI**

#### *S & L Reporter I*

A budgeting and financial planning system with both extensive forecasting and performance-reporting capabilities.

IBM-PC (and compatibles), IBM-XT, WANG PC, T.I. Professional, Burroughs ET 2000

**Distributed Planning Systems, Corp., Calabasas CA**

#### *BANKREPORTER I*

A bank budgeting and financial planning system with both extensive forecasting and performance reporting capabilities.

IBM-PC (and compatibles), IBM-XT, WANG PC, T.I. Professional, Burroughs ET 2000

**Distributed Planning Systems, Corp., Calabasas CA**

#### *BankDisk IRA Proposal & Disclosure*

Provides a breakdown of accumulation and comparison of the IRA to taxable savings and tax-sheltered sav-

# Financial Institution Software Directory

ings. Offers a tax-deferred IRA accumulation for the first five years and at ages 60, 65 & 70.

Apple 2, 3; IBM PC, XT, AT; Burroughs ET2000, B20, B25

## **Financial System, Inc., Kearney NE**

### *Corporate Tax Planner*

It allows you to see the results of various tax alternatives as quickly as you input your assumptions. Following the layout of federal form 1120 it allows you to play "what-if" games or check manually prepared returns.

## **TaxCalc Software, Inc., Fort Worth TX**

### *Business Valuation*

It is frequently necessary for the planner to have a reasonable estimate of a value of a client's closely-held businesses. Templates are provided for both regular and professional corporations.

## **TaxCalc Software, Inc., Fort Worth TX**

## **Financial Management Support System**

### *Micro Bank Facts*

Provides index of bank performance so that officers may run peer-group performance comparison. Service available on on-line basis.

IBM PC or compatible

## **Plansmith Corp., Palatine IL**

### *Peerline*

Allows a bank, S&L, or HC to anonymously compare itself to peers and competitors based on a pool of confidential data relating to internal operations.

IBM PC or compatibles

## **InnerLine, Arlington Heights IL**

## **Fixed Asset Accounting**

### *Fixed Asset Accounting*

Maintains history of each asset, calculates monthly depreciation (for book and tax), calculates investment tax credit and recapture. User may choose standard depreciation and tax credit for each asset.

IBM PC, HP150, HP120

## **Marcial Systems Corp., Cary IL**

BG/8

### *Fixed Assets Accounting*

This software system allows for maintaining two [of several] depreciation methods for each asset. The system includes all tables issued by the federal government for accelerated cost recovery system [ACRS].

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M86, or CP/M 86.

## **Microsys, Inc., Albuquerque NM**

### *FAAS — Fixed Asset Accounting System*

Calculates depreciation under a 200%, 150%, and 125% declining balance with sum of the year's digits, straightline, ACRS or ACRS straightline methods. Reports include both book and tax depreciation methods, property tax.

IBM PC/XT/AT/IBM compatibles — 256K Memory

## **Crowe, Chizek & Co., South Bend IN**

### *Fixed Assets Accounting*

IPS's Fixed Assets Accounting automatically calculates book and state and federal tax depreciation, investment tax credits, and section 179 expense elections. The system also provides book and tax forecasting.

IBM PC, PC-XT, PC-AT or compatible, NCR PC-4, Compaq

## **Interactive Planning Systems, Atlanta GA**

### *BankDisk Fixed Asset Accounting*

Uses depreciation methods as ACRS, declining balance, straight line and sum-of-the-year's digits. Maintains depreciation details for such assets as furniture, buildings and equipment with book & tax value.

IBM PC, XT, AT; Burroughs ET2000

## **Financial Systems, Inc., Kearney NE**

### *Fixed-Asset Accounting (General Ledger for Financial Institutions; Procurement & Inventory Management General Accounting Functions) Financial-8® for Banking*

Integrated family of software products to provide financial and opera-

tions support. On-line, real-time systems include: accounts payable, capital project accounting, employee expense accounting, fixed asset accounting.

IBM 43xx, 30xx, 370

## **American Software, Inc., Atlanta GA**

## **General Ledger for Financial Institutions**

### *General Ledger*

IPS' General Ledger is a highly flexible software package designed to automate manual posting or replace an outside service bureau with a totally user-defined chart of accounts and custom report writer.

IBM PC, PC-XT, PC-AT or compatible NCR PC-4, Compaq

## **Interactive Planning Systems, Atlanta GA**

### *Banc Manager, General Ledger/Finance Information System*

General ledger provides complete financial reporting and control reporting. Other features include various reporting functions, massive database and user-defined charting of accounts.

Most popular microcomputers

## **Financial Technology, Chicago IL**

## **In-House Complete Processing Package**

### *Nucomp Banking System*

Software solution for in-house processing for community banks including eight basic applications and supporting products, including all consulting, conversion, education and on-going support.

IBM System/36 and related equipment

## **Nucomp System, St. Paul MN**

## **Integrated Bank Management**

### *Kencom*

Designed to be the ultimate on-line integrated banking system for America's mid-range banks.

IBM 4300 Series

## **Kencom, Inc., Altamonte Springs FL**

### *Financial Application Packages*

Fully integrated, on-line banking and financial industry software designed to provide management solutions.

**Florida Software Services, Inc.,  
Altamonte Springs FL**

### **Integrated Transaction Processing**

*Financial Data System (FDS)/Financial Terminal System (FTS)*

Uses IBM Series 1 and proprietary software to connect and intermix teller and administrative terminals and ATMs on line to a central computer system.

IBM Series/1

**SDD, Inc., Boulder CO**

*ABS (Advanced Banking System)*

A flexible, parameter-driven, retail-oriented financial transaction system allowing users to create/maintain CIF, deposits, loans and general ledger with ability to back-date and future-date transactions.

Geac 8000 and the Concept 9000

**Geac Computers, Inc., Woodland Hills CA**

*Community Banking Software*

Enables a bank to automate all bank functions and, in so doing, reduces processing costs while affording greater flexibility in all applications.

IBM Series 1, 4300, 370; Honeywell, DPS-6; NCR Adds MENTOR, DEC, General Automation

**Bankline, Inc., Phoenix AZ**

*V. I. P. 34/36™*

A totally integrated, on-premises system which provides unified statements and a data-based central file. It is parameter-driven and complete maintenance and software support is provided.

IBM System 34/36

**Decimus Data Services Corp., Walnut Creek CA**

*The Canton System 1990*

An integrated financial system designed to provide a complete package of services for financial institutions.

IBM System/370 (model 125 & up), 43XX and 303XX Series CPUs and plug-compatible mainframes running under DOS, DOS/VS and DOS/VSE

**Canton Automated Systems, Inc., Canton OH**

### *MSA Software*

Nine integrated application software systems, including general ledger, forecasting and modeling, fixed-asset accounting, project tracking, inventory management, accounts payable, foreign exchange and payroll.

IBM 360/370, 30xx, 43xx, OS, DOS, OS/VS1, DOS/VS(E), SVS, MVS, VRX, SSX, Burroughs 2700-7800, Sperry 1100, NCR 85xx, 86xx, among others

**Management Science America, Inc., Atlanta GA**

*System W Distributed*

Integrated mainframe and micro software for financial planning and reporting. Features financial modeling, relational database management, statistics, graphics and report writer.

IBM configurations with UM/CMS or MUS/TSO on mainframe and PC DOS on microcomputer.

**Comshare, Ann Arbor MI**

*FMS MOD IV*

Contains major enhancements to previous financial management system in the areas of forecasting, budgeting and warehouse entry. Designed to be a complete financial institution accounting and management system.

IBM 43xx, 30xx

**Systematics, Inc., Little Rock AR**

*BANK250*

Consolidates loan accounting, savings accounting, demand deposit accounting and safe deposit accounting with a customer-information file that maintains records on every customer for on-line inquiry or batch processing.

HP 250 Model 10

**Marcal Systems Corp, Cary IL**

*FutureBank*

A versatile, flexible, easy-to-use and inexpensive system for financial institutions.

IBM PC, System 34/36/38

**International Software Inc., Allentown, PA**

*OMNI*

Totally integrated in-house data-processing system that includes training, planning, documentation, installation, federal regulatory compliance, new-product enhancements

and around-the-clock support.

IBM System 34/36

**OMNI Resources, Inc., Altamonte Springs FL**

### **Integrated Financial Control**

*Financial-8® for Banking Industry*

Integrated system for financial control, including following accounting modules: accounts payable, capital project, employee-expense, fixed asset, general ledger, inventory control, purchasing and requisition management.

IBM 370, 30xx, 43xx

**American Software, Inc., Atlanta GA**

### **Interest-Margin Spread**

*BankDisk Interest Spread Analysis*

Calculates interest margin and spread on a daily, weekly or monthly basis and compares the results with previous (historical) periods. Allows the user to do what-if projections with different investments.

IBM PC, XT, AT; Burroughs ET2000

**Financial Systems, Inc., Kearney NE**

### **Investment Analysis**

*Financial Futures Calculator*

Computes the relationships between the cash and financial futures markets. Calculates conversion factors, implied repo, conversion prices and implied forward rates.

IBM PC, XT, AT and compatible. Apple II series.

**Bond-Tech, Inc., Englewood OH**

*Mortgage Backed Securities Calculator*

Computes prices, yields, modified duration, dollar extensions and prepayment speeds using FHA, CPR, CPP, SMM and balloon-prepayment analysis.

IBM PC, XT, AT and compatibles. Apple II series.

**Bond-Tech, Inc., Englewood OH**

*Multiple Bond Calculator*

Analyzes bonds, notes, money markets, and odd first-coupon issues. Computes prices, yields, yield equivalents, modified duration and

# Financial Institution Software Directory

dollar extensions. Contains auto loan from a database.

IBM PC, XT, AT and compatibles, Apple II series

**Bond-Tech, Inc., Englewood OH**

## *Investment-Oriented Statistical Software*

50 programs for forecasting stocks, bonds, options, futures and foreign exchange.

All computers with 5¼" disk

**Programmed Press, Elmont NY**

## *Investment Management System*

Professional system to process Federal funds, commercial paper, repurchase agreements, certificates of deposit, and other interest bearing investments.

IBM-XT/AT

**Piedmont Software Co., Charlotte NC**

## *IPS — Investment Performance System*

IPS is an on line investment performance-analysis system designed to produce the decision support information required to evaluate investment strategy.

Wang VS, IBM 43XX, 3XXX

**National FSI, Inc., Dallas TX**

## *Stock Option Planner*

Calculates the costs and results of a covered call, buying the stock and selling the call option. While this program cannot pick stocks and call options, it can assist with the calculations necessary to give a better idea which are best investments.

**TaxCalc Software, Inc., Fort Worth TX**

## *Real Estate Planner*

Evaluates the economics of a real estate investment over a period of one to ten years. Shows the taxable income on loss, tax payable on benefit, net cash flow for each period and cumulative cash flow through the latest period.

**TaxCalc Software, Inc., Fort Worth TX**

## *One-Minute Market Analyst*

Provides regular updates of a wide range of market indicators, including NYSE, AMEX, OTC, gold/silver, interest rates and currencies to aid in market analysis.

IBM PC, XT, AT

**Personal Equity Computing, Inc., Framingham MA**

## *Stockchart-II (OBV Analysis Software)*

A stock-analysis program for performing on-balance volume analysis and generating stock charts for technical analyses. It can retrieve quotations from Dow Jones or from Warner Computer's financial database.

IBM PC, XT, AT and compatibles, including Compaq, Tandy 1200 and 1000.

**Micro-Investment Software, Inc., Stockton CA**

## *OPTIONS-80: Stock Option Analyzer*

Maximizes annualized returns from calls, puts, spreads, covered writing and allows commission and cost of money. Includes graphs and tables. Black-Scholes modeling available in advanced versions.

IBM PC, XT, Apple family, TRS-80 family, Wang PC

**OPTIONS-80, Concord MA**

## *Investment-Oriented Statistical Software*

Fifty programs for statistical forecasting of stocks, bonds, options, futures and foreign exchange.

IBM, Apple, Radio Shack, Commodore, Kaypro, DEC, Sanyo, or any MS-DOS or CP/M-based system.

**Programmed Press, Elmont NY**

## IRA Marketing

### *IRA Marketing*

Prepares individualized IRA versus IRS comparison projections.

IBM PC or compatibles

**Computech, Inc., Minneapolis MN**

See page BG/16 for alphabetical listing of vendors.

## Loan Calculation and Documentation

### *T III-LPS*

Calculates any loan by using Regulation Z formulae and printing required loan documentation.

IBM PC, Monroe 2000, Olivetti M 24, AT&T 6300

**EI Dorado Systems, Inc., Richardson TX**

## Loan Loss Control

### *Loan Loss Control*

IPS's Loan Loss Control provides complete tracking of loans from date of charge-off through final disposition and has customer information file capability.

IBM PC, PC-XT, PC-AT or compatible, NCR PC-4, Compaq

**Interactive Planning Systems, Atlanta GA**

## Loan Management

### *Collateral Insurance Tracking*

This system allows user to keep track of collateral insurance policies by note number. Record may be accessed by customer name or note number. Each note may have up to ten collateral insurance policies.

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M86 or CP/M 86

**Microsys, Inc., Albuquerque NM**

### *Charge Offs Accounting*

This system allows user to keep track of charged off accounts. Some of the items in the customer records are: customer name and address, date charged off, original charge off amount, officer and percentage rate.

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M86 or CP/M 86.

**Microsys, Inc., Albuquerque NM**

### *Loan Amortization*

Prepares Loan Amortization schedules for regular and irregular repayments of loans or contract. Allows user to calculate principal and interest due on loans.

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M86 or CP/M 86.

**Microsys, Inc., Albuquerque NM**

*PC Banker-Loan Accounting*

Designed for small- to medium-size banks wishing to control processing of loans, including commercial, installment and real estate.

IBM PC, XT and AT

**Response, Inc., Jackson MN**

*System M*

System M automates loan origination, secondary marketing and closing. The system tracks any loan type and prepares all documentation and reports. It is on-line, interactive and menu driven.

DEC PDP-II, MICRO-II

**Saddlebrook Corp., Cambridge MA**

*BankDisk General Financial Calculator I*

Simple and compound-interest programs show both present and future value of a principal amount and an annual yield. Bank can calculate installment loan with an optional balloon payment.

Apple II, III

**Financial Systems, Inc., Kearney NE**

*The Debt Service Calculator*

Designed to calculate quickly and easily either years necessary to pay off or principal and interest given a borrowed amount and an annual interest rate.

IBM-PC/XT/AT and Apple III

**Piedmont Software Co., Charlotte NC**

*Loan-Loss Control*

Provides complete tracking of loans from date of charge off through final disposition and has customer information file capabilities.

IBM PC, XT, AT, NCR DM5, PC4, Burroughs B-25

**Interactive Planning Systems, Atlanta GA**

See page BG/16 for alphabetical listing of vendors.

## Loan Pricing

*Mortgage Portfolio System — (MPS)*

Series of programs providing in-depth analysis of a mortgage portfolio which includes performing FNMA and/or FHLMC edits, detailed portfolio profiling, pricing and loan-pooling capabilities, ability to structure a sale.

Runs on Hale Systems' Burroughs B-7850. Used on a dial-up basis.

**Hale Systems, Inc., Palo Alto CA**

*Analysis System*

Analyzes historical loan and deposit information to project profitability of new and existing loans based on target return. Reports in actual dollars and annualization of yields.

IBM PC, XT, AT or compatibles

**Crowe, Chizek and Co., South Bend IN**

## Loan Processing

*Custom Quoter*

Full line of quoting, document preparation and sales-oriented financial applications for the retail installment

and dealer financing operations. Carleton provides national financial computation support.

Sharp PC-1500A, PC-1250A, PC-1261, FL-6100, IBM compatible hardware

**Carleton Financial Computations, South Bend IN**

*Loan Accounting System (LAS)*

Calculates interest on either a 365- or 360-day basis and provides accounting and reporting for multiple branches and duration. Ten prime rates and 27 variations of each are maintained.

IBM PC/XT and IBM PC/AT compatible

**Darling & Associates, North Andover MA**

*PROFILE*

A truly integrated, total front and back-office processing system providing unlimited flexibility to build/modify any deposit or loan product, customer relationship, report and/or screen.

Full range of digital equipment PDP, VAX and 8600 Series.

**Sanchez Computer Associates, Inc. (S.C.A.), Malvern PA**

## OVER 4,700 FINANCIAL INSTITUTIONS COAST TO COAST, HAWAII & ALASKA

HAVE DISCOVERED THE FASTEST, MOST RESPONSIVE  
AND DEPENDABLE SERVICE LEVEL IN THE COUNTRY.

OUR CUSTOMERS WILL VERIFY OUR REPUTATION AND OUR RESPONSIVENESS TO THEIR NEEDS. OVER 95% OF THE WORK COMING INTO OUR OPERATION IN BIRMINGHAM, ALABAMA IS COMPLETED AND IN THE MAIL WITHIN ONE WORKING DAY.

- Installment or Mortgage Loans
- Superior MICR or OCR Print Quality
- Laser Print Technology
- Guaranteed Service Level With Penalty
- Extended Price Guarantee
- We Specialize in Payment Books
- Excellent Range of Product Options
- Highest Level of Technical Expertise
- Data Transmission
- In-House Graphics Capability

FOR ADDITIONAL INFORMATION

Contact: Gary Aderhold, CDP

Senior Vice-President/Sales

### NATIONAL COMPUTER PRINT, INC.

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# Financial Institution Software Directory

## *Construction Loan Control System (LIP)*

100% on-line system for monitoring and processing construction loans. Allows for daily interest using prime-rate based computations, automated billing, loan-cost monitoring, check preparation, customer worksheets.

Selected micro and mini-computers, equipped with the PICK Operating System

**Hale Systems, Inc., Palo Alto CA**

## *Loan Document Processing*

Calculates payments for all loans — consumer, commercial, real estate, student, etc., including insurances, balloons, APR disclosures and automatically completes all documents.

IBM PC or compatible

**Computech, Inc., Minneapolis MN**

## *BankDisk Loan Document Processor*

Includes calculation routines, forms generator and data base storage. Prepares loan documents with compliance with Reg. Z. Will also allow user to prepare new loan, credit-insurance penetration or similar.

IBM PC, XT; Apple 3

**Financial Systems, Inc., Kearney NE**

## *LoanStar*

A calculating, forms-printing and tracking system for installment loans, consumer loans, and mortgages.

IBM PC and compatibles, NCR DecisionMate 5

**Financial Software Corp., St. Charles MO**

## *Matsch Loan Processing System*

A complete installment lending package with automatic document preparation and reporting features.

NEC-Astra

**Matsch Financial Systems Ltd., Grand Rapids MI**

## *Personal Banker System™ Loan Document Processing*

Calculates payments for all types of loans including finance charge and all insurance premiums. Automatically completes all of user's loan and insurance documents.

BG/12

IBM PC or compatibles

**Computech, Inc., Minneapolis MN**

## *Comp Systems Package*

Designed to be a complete mortgage processing, tracking and closing package with screen and forms generator.

Any MS-DOS or Unix/Xenix-based machine

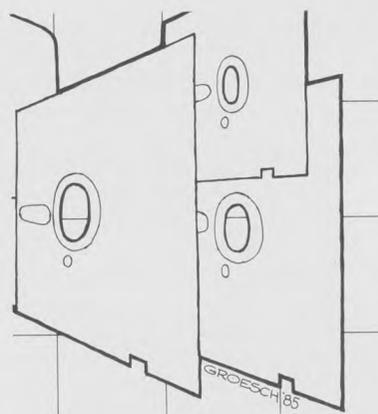
**Comp Systems, Miami, FL**

## *Mortgage Servicing Package*

Part of a package of loan-servicing software that includes residential loan-inventory control, construction loan-management package and residential loan-production package.

IBM Mainframes

**Computer Power, Inc., Jacksonville FL**



## Marketing & Sales

### *RB3™ Relationship Banking System*

RB3 is a platform sales and marketing tool for the new accounts representative. Using an electronic product manual and financial counselors, RB3 improves cross-selling and increases productivity.

IBM PC, PC/XT; PC4700, IBM PC-compatibles

**Infoware Corp., Nashville TN**

## Marketing Research

### *Master Tab*

Tabulates marketing research questionnaires into a wide variety of

finished tables with user selected statistics and appearance. Includes manual and telephone support.

IBM PC, XT, AT

**Marketing Data Research, Tacoma WA**

## Merger Analysis

### *2AB/DataBank*

Performs the tasks essential to competitive analysis of financial institution mergers under Department of Justice and Federal Reserve Board guidelines.

IBM PC, XT and other compatibles

**Analex, Inc., Durham NC**

## Mortgage

### *Escrow Contract Accounting*

This system allows user to maintain records for real estate contracts held in escrow. Multiple disbursements for payments are supported. Handles escrow fees and late charges.

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M 86 or CP/M 86.

**Microsys, Inc., Albuquerque NM**

### *Loan Origination Tracking System (LOTS)*

A complete application tracking system. Loans are tracked from receipt through closing with secondary market commitment tracking. PICK Operating System allows for user-defined specifications in menus, documents.

Selected micro and mini-computers equipped with the PICK Operating System.

**Hale Systems, Inc., Palo Alto CA**

### *Sharepac*

Programs which help lenders reduce loan processing time by providing computer printouts for three-day disclosure, final disclosure and amortization tables.

Runs on Hale Systems; Burroughs B-7850. Used on a dial-up basis.

**Hale Systems, Inc., Palo Alto CA**

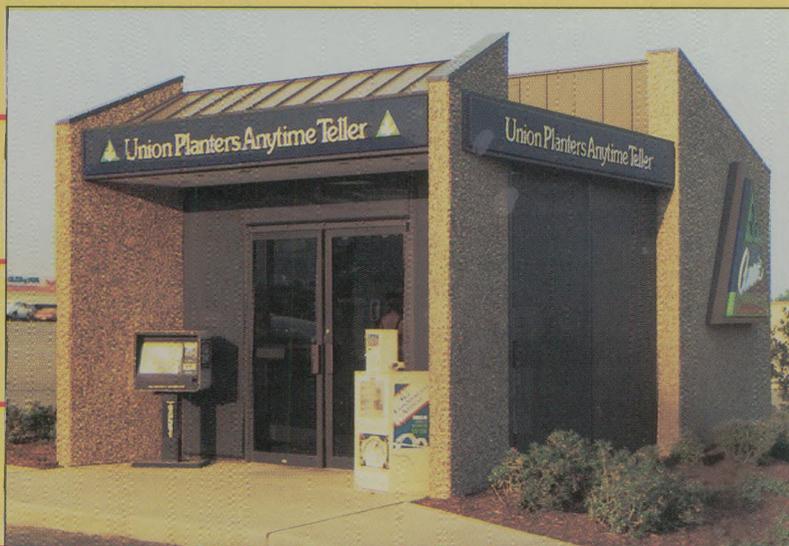
### *LoanTrac III*

A full featured automated mortgage origination system designed to prepare processing documents, produce management tracking reports, fill out

(Continued on page BG/13)

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# Convenience & Community

Today's Successful Bank Buildings  
Emphasize Design Attributes  
That Attract Customers

By Jim Fabian  
Senior Editor

**T**HE APPEARANCE of a bank building can be critical when it comes to attracting consumers to the institution. Few banks housed in modern buildings overlook this aspect when considering plans.

But, once the consumer is inside the building, he/she is looking for a combination of characteristics, including esthetics, convenience and efficient service.

Most banks are depending today on experienced design/build firms to supply the "right" combination of these characteristics. They want their buildings to be both beautiful and functional.

Bank design/build firms constitute a wellspring of ideas that can have a great influence on the appearance of bank buildings as well as the methods used to carry on operations.

These specialists are aware of the needs of banks — sometimes before their customers are. These firms serve as repositories of information that's useful in solving problems of clients. They also can serve as sources of input on how to tackle a design problem that will not only enhance the appearance of a project but make it operate efficiently.

With these points in mind, MID-CONTINENT BANKER'S editors were in contact with several bank design/build firms in recent weeks, attempting to gather ideas and viewpoints that would be helpful to readers.

Firms contacted were HBE Bank Facilities, Bank Building Corp. (BBC) and Bunce Corp., all headquartered in St. Louis; Cawthon Buildings Systems, De Soto, Tex.; and Design-Build Concepts, Atlanta.

It's important that any design project undertaken by a design/build firm for a client bank be addressed to the goal of meeting competition banks face today — competition that was unheard of only a few years ago.

"Our approach to meeting bank competition in the most economical way is to plan, design and build the facility that meets the needs of the bank as determined

An example of how a design/build firm can help a bank with an usual problem can be seen at Bank of Hinesville, Ga. Needing to expand, the bank acquired an adjacent building, but didn't know how to integrate it into its existing structure. HBE Bank Facilities, St. Louis, suggested connecting the two buildings with a 3,600-square-foot building. Result: adequate space for bank operations, new work-flow patterns to make operations more efficient, a "one-building" look to the entire complex. "HBE's design solution solved all our problems," said bank President Jimmy Floyd.



by our pre-design planning study," says Don Flott, senior financial analyst at HBE. "We don't have a 'cookie-cutter building' that fits every site and situation. Each project is approached with the idea to make it the most productive and economical operation to meet the needs of the bank."

"It's important for a bank to decide the market segments it wants to serve," says Tom Spalding, director of marketing at BBC. "We can package a facility to serve these segments."

An approach BBC feels is part of the wave of the future is its financial-plaza concept. A bank facility is positioned as a "hub" around which are clustered offices of firms that specialize in services related to — but not permissible to — banking. This enables a bank to "join with" the competition and to profit from it.

For instance, if the bank is the landlord, it can charge rent to the firms on its periphery. It also can charge for the sale of its customer list. The availability of a variety of services not normally offered by banks brings customers to the plaza because they realize they can do their financial-service shopping most conveniently there.

"Facilities designed in such a way that the initial facility may be of a smaller square footage but easily expanded with minimal disruption of services to meet customer needs is the answer to meeting bank competition," according to Leigh Heflin, executive vice



president, Cawthon. Such a facility can even be relocated if it outlives its utility in a given location, he adds.

**“W**E FEEL strongly that the right solution is the key to economical expansion,” says Robert W. Williams, vice president, Design-Build Concepts. “Beyond that, speed of construction, quality engineering, a sensible selection of materials and the use of local materials and skills all contribute.”

Design/builders responded in this manner when asked what improvements in operating efficiencies a bank can expect from modern designs:

“A bank can expect to achieve savings of at least two full-time equivalent personnel,” says Nancy Fanger of Bunce Corp. “Over a period of 15 years, this saving can amount to approximately \$600,000,” she adds.

“Generally, operating efficiency stems from providing the proper space for each activity and designing adjacencies so as to promote a smooth and direct flow of work,” says Mr. Williams at Design-Build Concepts.

“However, in recent years, electronic technology has made it possible to ‘remote’ many more operations functions and to restrict operating areas to lower-cost space.”

“A bank should expect a good workflow for employees, productive use of personnel, adequate

ancillary facilities such as vaults, storage, restrooms, lunch rooms, etc.,” says Mr. Flott of HBE. It also should expect a convenient facility for customer service, parking, ingress and egress and appealing appearance, he adds.

“The bank should expect a facility with expansion and flexibility that is planned to meet future requirements,” Mr. Flott says.

Mr Spalding at BBC recommends that banks strive for maximum operating efficiencies by consolidating all operations functions in one off-site operations center.

“Banks are moving operations to airport sites to take advantage of cheaper land costs and more convenience,” he says. Downtown sites are costly and such costs can’t be justified for behind-the-scenes operations functions that can be done off-site. Banks that move their

Most community banks don’t want the big, sleek look found at banks in larger cities, says Ed Ortmann of Kuhlmann Design Group, St. Louis.

Bankers want smaller-scale furniture and colors that would be found in homes because they want customers to feel comfortable when doing their banking.

Mr. Ortmann adds that banks now realize they are not in the real-estate business. This fact is reflected in a slowdown in brick and mortar for its own sake.



# Firm up your plans for the future.

At HBE, the first step in planning your new building is planning your future. Before our architects can begin, we recommend a thorough study of your entire operation. Our expert team of analysts dig into your departmental relationships, work flow, volume of transactions and data processing needs. With these details, we can "plan in" immediate operational efficiencies.

Yet our analysts go further and spell out the staffing requirements you'll face in the years ahead. These findings enable our architects to design with an eye toward the future and build today the solutions to tomorrow's needs.



After determining this facility's long-term expansion needs, HBE developed a plan to join the existing traditional facility to a contemporary structure next door. The design provided a new "one building" look which maximized employee productivity and customer convenience.



Interior design is an important part of the planning stage. In the above project our client's exquisite antique furniture was incorporated into the design.

These two different lobbies were both planned as a result of HBE walk-in traffic studies. Both were designed to be spacious enough to handle peak hours. Similar objectives, but distinctly different styles.

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For more information, return this form to HBE, 11330 Olive Street Road, St. Louis, MO 63141 or contact Sally Eaton at 1-800-HBE-4677.

NAME	TITLE
NAME OF FINANCIAL INSTITUTION	
ADDRESS	
CITY	STATE
ZIP CODE	PHONE NO.

## Need a Portable ATM Facility?

The ATM facility First National Bank of Commerce, New Orleans, opened on the campus of the University of New Orleans recently had some unusual requirements for its manufacturers: It had to be portable and had to blend in with existing buildings. The bank went to National Bank Builders & Equipment, Inc., Walls, Miss., with its requests. The firm designed a totally movable facility on a six-inch concrete slab that was strong enough to support the brick structure. Brick matching that used in campus buildings was obtained. To prove the facility's portability, the completed structure was put on display at a bankers conference (see photo) before it was situated on the university campus!



operations off-site find they can cost-justify such a move by renting the vacated high-cost site to tenants.

"A centrally located operations center permits consolidations of operations, maximizing use of equipment," Mr. Spalding says. The increasing incidence of mergers and growth of branching networks makes an operations center an idea whose time has come, he adds.

Design/builders agree that a bank can expect to increase its market share when it moves into a new or remodeled building.

"Statistics have proved that an immediate jump of approximately 3% of assets will be realized" in such a case, according to Ms. Fanger at Bunce. "This is especially significant because it provides a higher base to work from and thus creates a compounding effect," she adds.

"If the new building is more convenient to the

customer, the market share would increase," says Mr. Heflin at Cawthon. In the case of a remodelled building, it would be necessary for the bank to offer new services or market existing services more vigorously for market share to increase.

If a building is properly located in the marketplace and equipped to provide convenient, accessible service, it can help a bank increase its market share, says Mr. Flott of HBE. A bank facility makes a statement to the community, projecting the bank's image, he adds.

"Usually, it can be illustrated that a new bank building generates some increase in business," says Mr. Williams at Design-Build Concepts. Among the reasons for this might be improved customer service (new or added motor-bank facilities, vault space, new-account facilities, loan offices, etc.); improved visibility; improved image for the bank; the ability to house new employees and gear up for business competition in the marketplace.

"If the facility is a branch, its job is to develop and service new clientele where it is, as well as helping serve existing business," he adds.

It hasn't been very long that banks have been concerned with the profitability of their facilities, says Gary Strong, marketing manager at BBC. It's important now that facilities be located where the people are,

## Convenience Cost Challenges Bankers

**C**ONVENIENCE for customers and the cost of providing this convenience are uppermost in the thoughts of most bank planners, say Monty Westmoreland, president, National Bank Builders & Equipment, Inc., Walls, Miss., and Tommy Thompson, president, Son Corp., Wichita.

The only way for banks to compete economically is to adapt the tactics of gas stations and 7/11 grocery stores, says Mr. Westmoreland. That's because more people want to bank as they buy gas or food — the outlet closest to home gets the business.

Mr. Westmoreland believes the best way to furnish this convenience is with secured free-standing mini branches or ATM facilities on shopping-center parking lots.

"The days of monumental brick-and-mortar branches are going to have to come to an end for banks to survive in this fast-moving society," he says. "We believe banks can serve more people better with several secured mini banks, each containing one loan officer/manager, one walk-up teller, one drive-up teller and an ATM."

He advises bankers to consider one large main office

building, a separate operations structure, secured mini branches and ATM facilities if they wish to achieve maximum convenience at minimum cost.

Mr. Thompson concurs. The heavily manned 5,000-square-foot branch is becoming a thing of the past, he says. Replacement facilities contain from 1,000 to 2,000 square feet of space and handle only paying and receiving transactions. He adds that mini branches with one teller and one or more ATMs are becoming popular.

Convenience and service have been placed at the head of the list of customer requirements of a bank, replacing image and security, Mr. Thompson says.

Building costs are being carefully considered by bank planners due to increased concern about bottom lines. "More banks are hiring consultants to evaluate employee efficiency. In addition, they are looking into different types of construction."

He says the modular-building industry is booming and the banking community is taking advantage of the benefits offered by modular construction.

because convenience is essential to success and profitability.

**A**LMOST any facility that is five years old is out of date, he adds. When a facility is updated, it is made more convenient, which can be translated into a more profitable operation.

Current bank design enhances the new sales culture evident at many banks because it provides an atmosphere more conducive to selling, says Mr. Heflin at Cawthon.

An updated or new facility and the new outlook for the future that it provides seems to permeate everything the bank does and goes right along with a more sales-oriented posture, says Mr. Williams at Design-Build Concepts. As a bank grows, the departmentalization that a new, more spacious facility makes possible also more clearly defines responsibilities within the bank, not only to service existing business, but to develop business in each area.

The hub-and-spoke system — a central headquarters surrounded by branches — still is the most appropriate way to meet banking-market requirements, Mr. Flott of HBE says.

But ATMs and POS services are beginning to make an impact on hub-and-spoke systems, says Mr. Heflin at Cawthon. "However, banks realize they still need some type of facility, conveniently located, to capture new accounts."

Branches are changing in character, Mr. Williams of Design-Build Concepts says, but they still are out there. In many markets, the full-service locations are in place pending development of new population areas.

In the area of interior design and color preferences, Ms. Fanger at Bunce says the use of medium to dark  
*(Continued on page 39)*

## Automation-Design Problems Explained by HBE Expert

**D**OES the need for banks to automate functions present any design problems of which bankers should be aware?

This question was asked of George Koob at HBE Bank Facilities, St. Louis.

"The primary functions involving automation in banks involves ATMs, drive-up banking systems, computer operations and cash-dispensing units," he replies.

Planning for ATMs involves both convenience and safety of customer use. The machines may be installed either in the bank facility or at freestanding islands for drive-up or walk-up use or on a standard drive-up island in conjunction with a pneumatic-tube island system, he says.

Typical services required for ATMs are electrical power, alarm wiring and possibly services for a computer hookup when the machine is connected to an on-line terminal.

These items are fairly easy to rough in if the location for any future terminal is known, Mr. Koob says. A major consideration for both remote and building-located ATMs is the provision of adequate air conditioning of the space as well as service clearances around the machine.

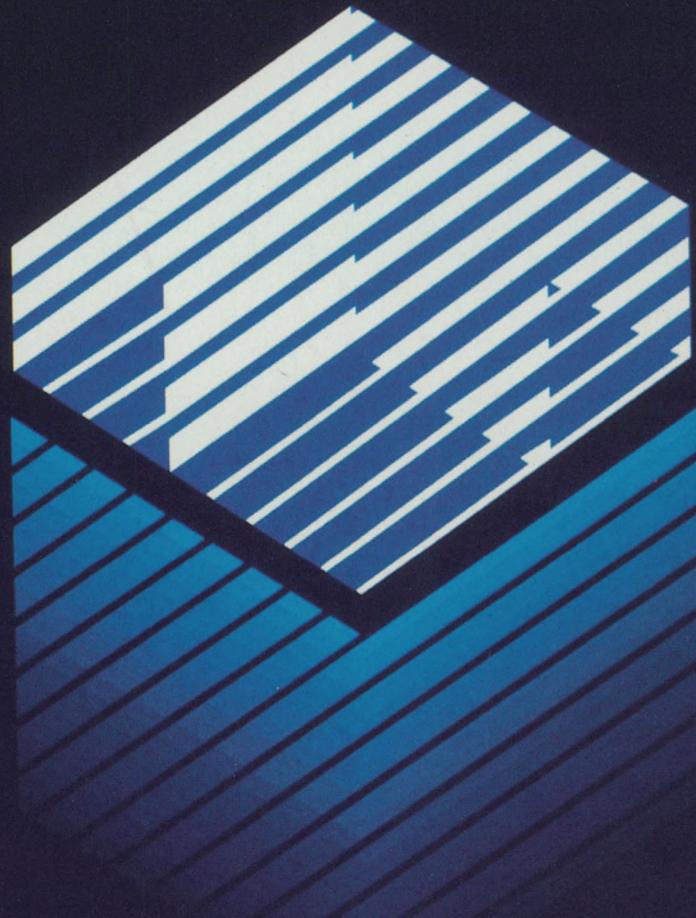
One major consideration for the location of free-standing machines is the requirement for public visibility required when servicing the machines and adding or removing cash. Free-standing machines should not be located in

*(Continued on page 39)*



Branch office of Bank of Oklahoma, Tulsa, is one of two utilizing one design created for the bank by Bank Building Corp., St. Louis-based design/build firm. Bank achieved considerable construction savings by simply adapting plans to configuration of second site. Full-service capabilities of two

branches were promoted to residents in branch trade areas through the use of colorful brochures titled "We get it done in your neighborhood." Brochures listed services offered as well as hours of operation, says Coy Hobbs of the bank's corporate-marketing department.



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The Bank of Greenwood—Greenwood  
Canton Exchange Bank—Canton, Madison, Ridgeland  
Citizens Bank of Hattiesburg—Hattiesburg, Petal  
Columbia Bank—Columbia  
Commercial National Bank—Greenville, Leland  
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# Financial Institution Software Directory

*Continued from BG/12*

closing forms, and provide control of the sale and delivery of loan production.

IBM PC family & compatibles

**Professional Information Management, Inc., Royal Oak MI**

## *The Mortgage Loan Calculator*

The MLC calculates all types of mortgage loans, with or without insurance. Payments, premiums, APR calculated automatically and accurately. Inputs and results are dependent on type of loan.

IBM PC, ATT, Compaq and other compatibles

**FIC Software, Inc., Panama City FL**

## *DCC Mortgage Banking System*

Serves portfolios of one to 300,000 loans for servicing, pipeline/warehousing, accounting. Also, loan origination on AT&T personal computers.

Data General Eclipse, including DG Desktop series, IBM 43XX, AT&T Personal Computers

**Data Communications Corp., Mortgage Banking Division, Memphis TN**

## **Mortgage Closing**

### *Matsch Mortgage Closing System*

A complete mortgage-closing system with reporting and tracking capabilities.

NEC-Astra

**Matsh Financial Systems Ltd., Grand Rapids MI**

### *The Loan Handler, The Loan Tracker, The Loan Finder, The Loan Closer, The Loan Servicer*

A five-package mortgage-loan processing package that offers a complete range of easy-to-use mortgage processing capabilities for the micro-computer user.

IBM PC, XT and IBM compatibles, Apple

**Contour Software, Inc., San Jose CA**

See page BG/16 for alphabetical listing of vendors.

## **Network Switch Interfaces**

### *ATM Switch Interfaces*

Will support Batch Switch Interface, On-Line Switch Interface or Intercept Processing. Permits bank's cardholders to participate in a switch and allows switch cardholders to use bank's ATM.

IBM S/34, S/36, S/38, or 4300

**Arkansas Systems, Inc., Little Rock AR**

## **On-Line Batch Data Transfer**

### *Supertracs*

Supertracs is an on-line batch teleprocessing monitor that performs the concurrent transmission of batch data between the host mainframe and remote computers, including minicomputers, micros, and remote job entry stations.

IBM mainframe or PCM

**Sterling Software Marketing, Inc., Rancho Cordova CA**

## **Pension Payments**

### *PLUS — Pension Lump Sum System*

PLUS is a pension disbursement system designed to handle recurring pension payments to annuitants or retirees and lump sum payments to participants who withdraw or terminate from defined contribution plans.

IBM 3XXX, 43XX; Wang VS

**National FSI, Inc., Dallas TX**

## **Personnel Administration**

### *Profiles/PC*

A totally micro-based personal computer system with 16 modules, including job, salary, demographics, performance, organization, education, skills, training and benefit participation for maintaining employee records.

IBM XT, AT or any system that supports PC- or MS-DOS

**Comshare, Ann Arbor MI**

## **Physical Asset Management**

### *Barcode Asset Management*

Barcode Asset Management allows a financial institution to track physical assets. The system uses the latest in barcode technology to identify, locate, avoid duplication and eliminate shrinkage of various assets.

IBM PC XT or AT

**Wallace Computer Services, Inc., Hillside IL**

## **Portfolio Management**

### *Fixed Income Management System*

Fixed Income and Mortgage Backed Securities Portfolio Management including all accounting, reporting, and audit trail functions. Features include level yield, market value, cashflow and customized reports.

Runs on Hale Systems' Burroughs B-7850. Used on a dial-up basis.

**Hale Systems, Inc., Palo Alto CA**

### *THESIS*

Mortgage-backed securities and all fixed-income instruments trading, operations and accounting requirements are automated by THESIS, an integrated, on-line fourth-generation, portfolio-management system.

IBM Mainframe

**KOCH System Corp., San Francisco CA**

### *Bridge Market Data Information System*

A comprehensive securities and commodity database providing real-time quotes, charts and satellite transmitting capabilities.

Bridge terminals and compatible with most personal computers

**Bridge Market Data, Inc., St. Louis MO**

### *SHARK*

The first computer system to offer real-time quote processing. Designed for securities traders, portfolio managers, analysts, specialists and professional investors.

**Walsh, Greenwood Information Systems, Inc., New York NY**

# Financial Institution Software Directory

## *The Investor™: Portfolio Tracking System*

A new mainframe software system that is designed specifically to pay incentive compensation to investment officers based on the size and quality of their investment portfolios.

IBM MVS, IBM DOS/VSE, Burroughs Medium, Burroughs Large

**Bank Earnings Systems, Inc., Commerce GA**

## *microISS*

Enables machine-readable data transmission to or from in-house systems and ISS (a trading activity and reporting system for custodial clients) for cash reconciliation and other processing.

IBM PC XT or other compatibles

**Interactive Data Corp., New York NY**

## *Portfolio Management System*

Portfolio management and accounting modules providing portfolio reporting, performance valuations, heavy real-time retrieval and entry of asset information.

IBM PC, XT, AT, Texas Instrument PC, TI Minis, DEC, IBM System 36, 4300 VMS, Televideo, Altos

**Information Resource Management, Bloomington IL**

## Product Display

### *Financial Touch*

Graphic, interactive turn-key public-access, touch-screen system (with terminal) to promote the retail products of financial institutions by providing information and "what-if" calculations of customers' finances.

NCR InteracTV

**VCM Systems, Cedar Rapids IA**

## Real Estate and Lease Lending

### *Custom Quoter*

Financial quoting software for installment, real estate and lease lending. Designed to meet state usury and Federal FIN-L requirements.

BG/14

Sharp PC 1500A, PC 1250A, PC-1261, ZL-6100, Radio Shack PC-2

**Carleton Financial Computations, South Bend IN**

## Repurchase Agreements

### *Repurchase Agreements*

Keeps track of repurchase agreements by customer. Agreements can mature or rollover daily, on a specific day of the week, day of the month or certain number of days. Allows for penalty interest rates.

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M 86 or CP/M 86.

**Microsys, Inc., Albuquerque NM**

## Sales Management

### *CALLREPORTER I*

An efficient and accurate means of preparing the FFIEC Quarterly Call Report.

IBM-PC (and compatibles), IBM-XT, IBM-AT, Burroughs B20/B25, TI PROFESSIONAL

**Distributed Planning Systems, Corp., Calabasas CA**

### *Motivator*

A sales incentive system designed to track sales by employee, branch, and bank on an in-house mainframe computer system. The system also automatically interfaces to payroll and applications software for verification.

IBM/MVS, DOS/VSE and Burroughs Medium, Large

**Bank Earnings Systems, Inc., Commerce GA**

### *Personal Loan Analysis, Qualified Retirement Accounts, Time Deposit Analysis, Lease Analysis*

A customer-oriented series of software packages that help financial institutions' customers determine the appropriate products to purchase.

V-MARC 88 PC, IBM PC

**Pictorial Publishers, Inc., Indianapolis IN**

### *Bankers Marketing Manager*

Monitors and tracks the calling efforts of bank officers by products, services

and prospect. Can be used to organize a call program at a bank by producing manageable reports for follow-up activities.

IBM PC, XT, AT, and compatibles

**Crowe, Chizek and Co., South Bend IN**

### *L. E. D. Master*

Software that allows a main branch or individual branches to control on-line L. E. D. boards to display current rates for CDs, IRAs or loans.

**Miller/Zell, Atlanta GA**

### *MKT/MGR™*

Stores and retrieves up to 35 pieces of data on thousands of companies.

IBM PC and compatible microcomputers

**Micro Applications Inc./James Doyle Associates, St. Louis MO**

### *The Lobby Manager*

A lobby automation system for loan and new accounts including all forms processing. Menu driven with no code memorization necessary. Able to work in local-area network with mainframe communications available.

IBM PC, XT, Columbia Data, NCR Model 4, Sperry PC.

**Advanced Resource Technologies, Inc., Council Bluffs IA**

## Savings Accounting

### *Savings/CD's Accounting*

System provides for full accrual accounting for all types of savings instruments (passbook, Christmas-club, CDs, IRAs, and other interest bearing accounts). Access to accounts is interactive by account number.

Performs on any that operate under IBM PC DOS (2.0 or later), MS DOS (2.0 or later), CP/M (2.2 or later), MP/M 80, MP/M 86 or CP/M 86.

**Microsys, Inc., Albuquerque NM**

## Shareholder Accounting

### *Shareholder Accounting*

IPS's Shareholder Accounting provides full-function recordkeeping, cash or stock-dividend issuance, stock splits, and 1099 issuance.

IBM PC, PC-XT, PC-AT or compatible, NCR-PC-4, Compaq

**Interactive Planning, Atlanta GA**

### *PAS (Participant Accounting System)*

A shareholder recordkeeping system designed to provide daily administration and allocation of employee benefit plans which use mutual fund investment options.

IBM 3XXX, 43XX; Wang VS

**National FSI, Inc., Dallas TX**

### *Stock Transfer and Reporting Plus (STAR+)*

A real-time stock transfer and reporting system designed to meet today's stock-transfer needs using current technology. It features real-time certificate preparation, checks, transfers, corrections, and proxy tabulations.

IBM mainframe or compatible or Series 1

**Shaver Associates, Inc., Orlando FL**

### **Student-Loan Processing**

#### *Matsch Student Loan System*

Full-blown student-loan processing system with accounts receivable, automatic pooling and payout. Includes document preparation and quarterly reporting.

NEC-Astra

**Matsch Financial Systems Ltd., Grand Rapids MI**

### **Tax Calculations**

#### *TaxCalc Tax Planner*

State-by-state programs for performing tax calculations. Calculates data by line number for Form 1040, Schedules D and G, Form 4972 and the new alternative minimum tax under the Tax Reform Act of 1984.

IBM PC and Apple II

**TaxCalc Software, Inc., Fort Worth TX**

### **Teller-Terminal Management**

#### *ISC Pinnacle System*

Fully integrated teller and platform software running on an intelligent terminal network.

ISC Pinnacle System

**ISC Systems Corp, Spokane WA**

#### *On-Line Banking Environment Teller-Terminal Management*

Provides on-line communication between IBM System 34/36/38 and teller

terminal in order to use current-account data for transaction authorizations and to update account as Teller Terminal transactions.

IBM System 34/36/38

**Arkansas Systems, Inc., Little Rock AR**

### **Training**

#### *Bank President™*

Bank President is a micro-based simulation of the banking marketplace, which provides competitive analysis and broad decision-making for an effective training model.

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**Infoware Corp., Nashville TN**

#### *PFP Decision Maker and PFP Professional*

Designed to help financial institutions learn more about financial planning while gaining hands-on experience.

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**Infoware Corp., Nashville TN**

#### *Check Characteristics*

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**Knowledge Systems, Inc., Avon NY**

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**Piedmont Software Co., Charlotte NC**

#### *The Fixed Income Inventory Manager*

Keeps track of all types of fixed-income securities for dealers, dealer banks and others who inventory securities for resale. Instantly updates to keep trader and salesperson current with information.

IBM PC, XT, AT

**Piedmont Software Co., Charlotte NC**

### *Combined Interest and Transaction Reporting Plus (CINTX+)*

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**Shaver Associates, Inc., Orlando FL**

### **Transaction Processing**

#### *Teller Terminal Solutions*

An IBM host system software package that processes transactions from teller terminals or ATMs.

IBM 4300 Series

**Systems Solutions, Inc., Longwood FL**

### **Treasury Management**

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Provides all of the key functional requirements of a treasurer, including balance, target, cash position, bank relations, debt and investment management.

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**ADP Financial Network Services, Ann Arbor MI**

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#### *Bond/Stockholder Accounting*

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**Microsys, Inc., Albuquerque NM**

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IBM PC, XT, AT and compatibles. Burroughs B-21 and B-25. Requires minimum 10MB of storage.

**F.N. Bankware, Inc., Omaha NE**

# Financial Institution Software Directory

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IBM PC, XT, AT or compatibles

## **Ontario Systems Corp., Muncie IN**

### *Trust 34/36*

A complete trust-accounting system for bankers. Includes sweep accounting, comprehensive printed reports, immediate inquire access, automated check writing and more.

IBM SYSTEM 34/36, IBM PC, XT or AT

## **LSW Inc., Webster City IA**

### *Automated Trust Accounting System (ATAS)*

Provides maximum reporting to trust customers utilizing a low-cost system

that is flexible, functional and practical. Over 20 reports are available to provide information to management and operations personnel.

IBM System 34/36/38

## **Arkansas Systems, Inc., Little Rock AR**

### *TRACS™: Trust Accounting System*

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### *MicroQUEST*

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IBM PC, XT

## **Dyatron Corp., Birmingham AL**

### *EBAS — Employee Benefit Administration System*

EBAS — is an extensive participant recordkeeping system designed to automate all types of employee-defined contribution plans: 401 (k), ESOP, TRASOP, PAYSOP, IRA, thrift, stock bonus and profit sharing.

IBM 3XXX, 43XX, PC/XT; Wang VS, 2200, PC

## **National FSI, Inc., Dallas TX**

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### *BESS® (Bank Electronic Support System)*

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## **Data Architects Systems, Inc., Waltham MA**

# Alphabetical Listing of Software Vendors

## A

**ADP Financial Network Services**, 175 Jackson Plaza, Ann Arbor, MI 48106. 313/769-6800.

**Advanced Planning Systems, Inc.**, 120 West Eastman, #201 Arlington Heights, IL 60004. 312/392-1744.

**Advanced Resource Technologies, Inc.**, 106 West Washington Ave., Council Bluffs, IA 51505. 712/322-6824.

**American Software, Inc.**, 443 East Paces Ferry Road, Atlanta, GA 30305. 404/261-4381.

**Analex, Inc.**, 1901 Chapel Hill Road, Durham, NC 27707. 800/438-5014 or 919/493-5448 (NC).

**Arkansas Systems, Inc.**, 8901 Kanis Road, Little Rock, AR 72205. 501/227-8471.

**ATM Network Management Corp.**, 2901 Finley Road, Downers Grove, IL 60515. 312/932-9555.

## B

**Bank Earnings Systems, Inc.**, 114 State Street, Commerce, GA 30529. 404/335-5684.

**Bankline, Inc.**, 11225 N. 28th Drive, # C-207, Phoenix, AZ 85029. 602/993-5815.

BG/16

**BankPro Systems**, 500 Sansome Street, Suite 201, San Francisco, CA 94111. 415/982-5148.

**Bond-Tech, Inc.**, P. O. Box 192, Englewood, OH 45322. 513/836-3991.

**Bridge Market Data, Inc.**, 10050 Manchester Road, St. Louis, MO 63122. 314/821-5660 or 800/432-4413.

**Burg-Lewis, Inc.**, 4212 San Felipe, Suite 367, Houston, TX 77027. 713/961-0626.

## C

**Canton Automated Systems, Inc.**, 100 Central Plaza South, Canton, OH 44701. 216/489-3680.

**Carleton Financial Computations**, 1801 N. Commerce Dr., South Bend, IN 46628. 219/236-4630.

**Carner & Associates, Ltd.**, 205 St. Louis St., 203 Holland Building, Springfield, MO 65806. 417/866-5033.

**Chase Manhattan Bank, N. A.**, 22 Cortlandt St., 33rd Floor, New York, NY 10007. 212/306-6805.

**Cliff Davis Associates, Inc.**, 5860 Hyatt Ridgeway Parkway, Memphis, TN 38119. 901/766-1550.

**Cognitronics Corp.**, 25 Crescent St., Stamford, CT 06906. 203/327-5307.

**Comp Systems**, 9655 South Dixie Highway, #101, Miami, FL 33183. 305/666-3783.

**Computech, Inc.**, 511 Eleventh Ave. South, Minneapolis, MN 55415. 612/338-6044.

**Computer Power, Inc.**, 661 Riverside Ave., #110E, Jacksonville, FL 32204. 904/350-1400.

**Comshare**, 3001 S. State St., Ann Arbor, MI 48106. 313/994-4800.

**Contour Software, Inc.**, 4960 Hamilton Ave., #215, San Jose, CA 95130. 408/370-1700.

**Crowe, Chizek & Co.**, P. O. Box 7, South Bend, IN 46624. 800/348-2521, 219/232-3992.

**Custom Application Systems, Inc.**, 11726 San Vincente Boulevard, #500, Los Angeles, CA 90049. 213/820-5800.

## D

**Darling & Associates**, 451 Andover Street, Suite 209, North Andover, MA 01845. 617/794-0212.

**Data Architects Systems, Inc.**, 245 Winter St., Waltham, MA 02154. 617/890-7730.

**Data Communications Corp.**, Mortgage Banking Division, 3000 Direc-

tors Row, Memphis, TN 38131. 901/345-3544.

**DaTamap, Inc.**, 6874 Washington Ave., South, Eden Prairie, MN 55344. 612/941-0900.

**Decimus Data Services Corp.**, 2737 North Main St., Walnut Creek, CA 94596. 415/944-6176.

**Distributed Planning Systems Corp.**, 23632 Calabasas Rd., Suite 107, Calabasas, CA 91302. 818/992-4447.

**Dyatron Corp.**, 210 Automation Way, Birmingham, AL 36210. 205/956-7570.

## E

**El Dorado Systems, Inc.**, 1350 East Arapaho Road, Suite 218, Richardson, TX 75081. 214/699-8705.

**Executec Corp.**, 12200 Park Central Drive, Dallas, TX 75251. 214/239-8080.

## F

**F. N. Bankware, Inc.**, 1300 First National Center, Omaha, NE 68102. 402/346-2210.

**Faraday National Corp.**, 13854 Park Center Road, Herndon, VA 22071. 703/435-0100.

**Farm Data Corp.**, 101 West Burnsville Parkway, Suite 104, Burnsville, MN 55337. 612/890-7317.

**FBS Systems**, P. O. Drawer 248, Aledo, IL 61231. 309/582-5628.

**FIC Software, Inc.**, 2111 Thomas Drive, Suite 6, Panama City, FL 32407. 904/235-2119.

**Financial Systems, Inc.**, P. O. Box 2012, Kearney, NE 68847. 308/237-5995.

**Financial Software Corp.**, 1390 Charlestown Industrial, St. Charles, MO 63307. 314/723-6800.

**Financial Technology, Inc.**, 612 North Michigan Ave., Chicago, IL 60611. 312/280-0600.

**Florida Software Services, Inc.**, 711 East Altamonte Drive, Altamonte Springs, FL 32701. 305/831-3001.

## G

**Geac Computers, Inc.**, 6300 Variel Ave., Suite A, Woodland Hills, CA 91367. 818/887-3180.

## H

**Hale Systems, Inc.**, 1076 E. Meadow Circle, Palo Alto, CA 94303. 415/494-6111.

**Haverly Systems, Inc.**, 78 Broadway, Denville, NJ 07834. 201/627-1424.

**Homestead Management Systems, Inc.**, 2024 N. W. 92nd Court, Des Moines, IA 50322. 515/225-0085.

## I

**Information Resource Management**, 113 Fairfield Way, Suite 101, Bloomingdale, IL 60108. 312/894-5598.

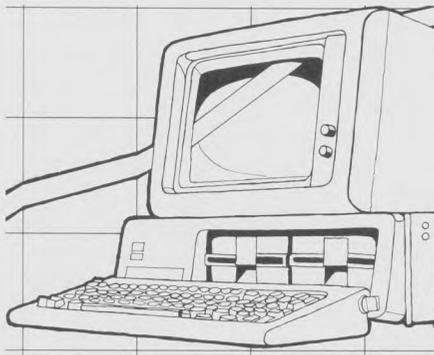
**Infoware Corp.**, 2407 12th Avenue South, Nashville, TN 37204. 800/325-8774 or 615/385-1515.

**InnerLine**, 95 W. Algonquin Road, Arlington Heights, IL 60005. 312/364-8800.

**Interactive Planning Systems**, 1800 Century Blvd., Suite 890, Atlanta, GA 30345. 404/320-1534.

**Interactive Data Corp.**, 22 Cortlandt St., New York, NY 10017. 212/676-0837.

**International Software Inc.**, 1405 North Cedar Crest Blvd., Allentown, PA 18104. 215/433-8488.



**ISC Systems Corp.**, E. 901 Second Ave., Spokane, WA 99202. 509/536-5000.

## K

**K. C. Data Program Services, Inc.**, P. O. Box 1054, Mattoon, IL 61938. 217/235-1919.

**Kencom, Inc.**, 711 East Altamonte Drive, Altamonte Springs, FL 32701. 305/831-3001.

**Knowledge Systems, Inc.**, 102 Genesee St., Avon, NY 14414. 716/226-3313.

**KOCH Systems Corp.**, P. O. Box 2510, San Francisco, CA 94126. 415/861-8900.

## L

**Learned-Mahn, Inc.**, 2229 West State St., Boise, ID 83702. 208/336-2281.

**LSW Inc.**, P. O. Box 515, Webster City, IA 50595. 515/832-1058.

## M

**Management Science America, Inc.**, 3445 Peachtree Road, N. E., Atlanta, GA 30326. 404/239-2000.

**Marcial Systems Corp.**, 4 Crystal Street, Cary, IL 60013. 312/639-3000.

**Marketing Data Research**, 8103 104th St., S. W., Tacoma, WA 98498. 206/588-4149.

**Matsch Financial Systems, Ltd.**, 900 Ionia, N. W., Grand Rapids, MI 49503. 616/459-0782.

**McDonnell Douglas Systems Co.**, 600 Century Park South, Birmingham, AL 35226.

**Micro Applications Inc./James Doyle Associates**, 727 North First St., #410, St. Louis, MO 63102. 314/421-1366.

**Micro Book Inc.**, 1365 Wiley Road, Suite 149, Schaumburg, IL 60195. 312/882-4025.

**Micro-Investment Software, Inc.**, 9621 Bowie Way, Stockton, CA 95209. 209/952-8833.

**Microcom, Inc.**, 1221 Park Place, N.E., Cedar Rapids, IA 52402. 319/378-1378.

**Microsys, Inc.**, 121 Cardenas, N. E., Albuquerque, NM 87108. 505/262-2388.

**Miller/Zell**, 4715 Fredrick Drive, S.W., Atlanta, GA 30336. 404/696-9330.

## N

**National FSI, Inc.**, 4501 W. Mockingbird, Dallas, TX 75209. 214/350-0913.

**Nucomp Systems (Broadway & Seymour)**, 2277 W. Highway 36, St. Paul, MN 55113. 612/633-3800.

## O

**OMNI Resources, Inc.**, 711 East Altamonte Drive, Altamonte Springs, FL 32701. 305/831-3001.

**Ontario Systems Corp.**, 300 West Airpark Drive, Muncie, IN 47303. 317/284-7131.

**OPTIONS-80**, Box 471-MC, Concord, MA 01742. 617/369-1589.

## P

**Personal Equity Computing, Inc.**, 10 Speen St., Framingham, MA 01701.

**Phoenix-Hecht**, 550 Frontage Rd., Northfield, IL 60093. 312/441-9080.

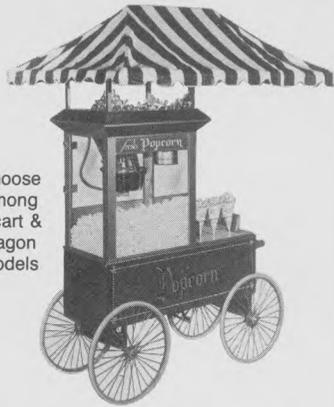
**Pictorial Publishers, Inc.**, 8081 Zionsville Road, Indianapolis, IN 46268. 317/872-7220.

**Piedmont Software Co.**, 5200 Park Road, Suite 119, Charlotte, NC 28209. 704/527-0117.

**Plansmith**, 50 N. Brockaway, Palatine, IL 60667. 800/323-3281.

**Professional Information Management, Inc.**, 225 S. Troy St., Royal Oak, MI 48067. 313/543-3404.

**Programmed Press**, 2301 Baylis Ave., Elmont, NY 11003. 516/775-0933.



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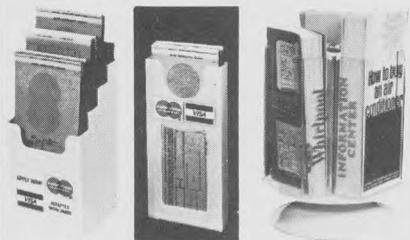
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## R

**Response, Inc.**, 608 2nd St., Jackson, MN 56143. 507/847-2700.

## S

**S. C. A.**, Phoenixville Pike and Charlestown Road, Malvern, PA 19355. 215/296-8877.

**SDD, Inc.**, 3100 Arapahoe Road, Boulder, CO 80303. 303/449-3634.

**SDM International, Inc.**, P. O. Box 668, Fuquay-Varina, NC 27526. 919/552-5662.

**Sendero Corp.**, 1422 North 44th St., Phoenix, AZ 85008. 602/225-0555.

**Shaver Associates, Inc.**, 1001 Executive Center Drive, Suite 271, Orlando, FL 32803. 305/894-0355.

**Shuttle Corp.**, 2569 — 152nd Ave., N. E., Redmond, WA 98052. 206/882-3447.

**Software Alliance Corp.**, 2100 Milvia Street, Berkeley, CA 94704. 415/548-7752.

**Sterling Software Marketing, Inc.**,

11050 White Rock Rd., Rancho Cordova, CA 95670. 916/635-5535.

**Systematics, Inc.**, 4001 Rodney Parham, Little Rock, AR 72212. 501/223-5355.

**Systems Solutions, Inc.**, P. O. Box 3336, Longwood, FL 32729. 305/869-1759.

## T

**TaxCalc Software, Inc.**, 4210 West Vickery, Fort Worth, TX 76107. 817/738-3122.

**Trilog, Inc.**, 1700 Market St., Philadelphia, PA 19103. 215/564-3404.

## V

**VCM Systems**, 427 6th Ave., S. E., Cedar Rapids, IA 52406. 319/364-6959.

## W

**Wallace Computer Services, Inc.**, 4600 W. Roosevelt Road, Hillside, IL 60162. 312/449-8600 (Ext. 367).

**Walsh, Greenwood Information Systems, Inc.**, 180 Maiden Lane, New York, NY 10038. 212/208-2700.

**Wisconsin Microwave**, 4506 Regent, Suite 100, Madison, WI 53705. 608/233-4459.

## Consumer Bankers Association Elects Officers

Robert Monteith, senior vice president, Security Pacific National, Los Angeles, has been elected chairman, Consumer Bankers Association. James D. Rode, president, AmeriTrust Co., Cleveland, has been elected chairman elect. Mr. Monteith succeeds Frederick S. Hammer, president, PSFS, Philadelphia.

## Debit-Card POS System Marketed

“**C**ACTUS Switch” is not a new tequila drink, but a debit card POS program being tested by two Phoenix banks.

Valley National and First Interstate recently added to their network five supermarkets, 10 department stores and 294 convenience stores; 80 service stations already were participating.

The banks intend to make debit cards for POS transactions faster and more economical for merchants. The system uses the Arizona Clearing House Association (ACHA) for electronic funds transfer. ACHA processes electronic funds transfers through proprietary clearing facilities and provides members with access to the National Automated Clearing House Network.

Unlike other POS debit-card systems that rely on an on-line, real-time link to the bank's computer, the Cactus Switch system uses a merchant service facility and telephone lines to link the merchant's terminal to the clearing house.

This lowers installation and per-transaction costs to the merchant, according to Paul W. Finch, vice president/systems research and development, Valley National.

Because messages do not have to go all the way to a bank's computer, authorization can be faster, Mr. Finch says. At the time of transaction, each card is checked against a “negative file” of lost, stolen and cancelled cards.

Consumers are reacting well to the new system, Mr. Finch says. People appreciate the security of not having to carry large sums of cash and they like the record-keeping features, he said.

# MARKETING ... Notebook



**Valley National Bank of Arizona**, Phoenix, asks its personal bankers to *listen* to new customers to gain clues to their financial needs.

"I let customers talk to me first so that I can get a general idea of their needs and what they think they want," says personal banker Nancy Holly. Armed with this knowledge, personal bankers then can recommend appropriate products, whether family-oriented (college-savings plans, savings plans for children), credit products (charge card, car loan, home-improvement loan), new-arrival products (trust services, joint account, mortgage).

To cross-sell existing customers, the bank talks to customers when they come in to replace worn-out bank cards, by telephone, and through advertising. By listening to its customers, Valley National sells an average of 3.6 products per new customer—more than twice the national average of 1.7.

The techniques are cited in *Professional Selling: Financial Services Edition*, published by the Bureau of Business Practice.

**First National, Lincolnshire, Ill.**, is expecting to attract 3,000 new customers this year by offering Visa cards to the public with an interest rate lower than those charged by other banks, says Saul Binder, president.

Only one other suburban Chicago bank has a credit card in its own name, but that card is for the bank's customers only, he says.

At First National, the Visa "Idea" card will carry no annual service charge, and the Visa "Success" card will have a \$20 annual fee. Interest will be 15% to 18%, depending on the outstanding balance. The Success card carries a minimum credit limit of \$5,000. Both cards can be encoded to access an account with the bank's ATM system, "Cash Station Network."

Customers will benefit from the bank's "small-bank attitude," says Mr. Binder. "This means that when a question arises on one of the cards, the cardholder will not be switched around to many different people, but rather be able to talk with one person and have the question resolved."

Visa credit cards are offered to the general public by First National, Lincolnshire, Ill. Pictured are Joyce Grassfield, a.v.p./credit cards and Gary Reitz, s.v.p./cashier. Applications will go through traditional credit check.



**White-pine seedlings** were given to the first 1,500 visitors to Harvester Banking Center of Centerre Bank, St. Peters, Mo., as part of a grand-opening celebration. The "Centerre Bear" was on hand to greet customers and distribute seedlings.

Customers opening an account were given coupons worth \$5 toward the purchase of plants from two local businesses. In addition, the bank handed out packets of seeds of the Lunaria plant, whose silvery leaves have given it the common name of money plant.

All of this reinforced the grand-opening theme: "Now you have a choice . . . Come grow with us."

**Bank officers are featured** in a print campaign recently launched by First Colonial Bankshares Corp., Chicago, for its four member banks, Colonial Bank, Michigan Avenue National and All American Bank, all of Chicago, and Northwest Commerce Bank, Rosemont.

The first ad features line drawings of C. Paul Johnson, chairman, First Colonial Bankshares, and the four banks' presidents, and stresses the theme, "The Do-ers Banks." Illustrations of the officers are accompanied by short biographies telling how each officer is a "do-er" in leading his organization to success.

The objective is to show customers and prospects the benefits of banking with a "get-it-done" bank. Ads are running in the daily metro newspapers and consumer and business magazines.

Caricatures of officers of First Colonial Group, Chicago, featured in print campaign. Ad copy includes a short biography of each officer and mentions their successes. "If these Do-ers can do this for themselves," the ad copy reads, "imagine what they can do for you!"



"Together we can make it happen" is the theme of a new multi-media campaign launched by RepublicBank Corp., Dallas. The goal is to increase the public's awareness of the bank and strengthen its corporate image.

The campaign includes radio and television spots, supported by print and outdoor advertising. Through a series of city and country scenes, the campaign shows the "visions of success" of a variety of individuals. The scenes are intended to stimulate the individual viewer's imagination in ways he or she can work with RepublicBank, a spokesman says.

Commercials were filmed at a ranch, a quarter-horse farm and a sports/fitness club. One of the most dramatic commercials shows a farm scene in which a crop-dusting plane flies as low as 10 feet from the camera lens. Radio commercials feature original music written for the campaign.

Collateral items include posters, counter cards and lapel buttons for tellers.

# FINANCIAL RETAILERS: A Focused Approach to Attracting Customers

By James M. Nickerson, Senior Manager, Peat Marwick, St. Louis

IT'S THE DAWN of a new age in retailing financial services. In today's complex deregulated environment, financial institutions are not only competing against each other, they are competing against the likes of Sears, Merrill Lynch and American Express. They are all trying to be the primary provider of consumer financial services. But the financial institutions that will prosper tomorrow are the ones responding to change today.

In October, 1984, Peat Marwick prepared a study of retail banking for the American Bankers Association. Titled "The Retail Force," it provided research on current trends that will affect all financial-services retailers in the future and a process for deciding how to respond to these trends. This article discusses specific ways financial institution clients of Peat Marwick have been successful in wooing customers.

But first, let's look at the four major forces significantly affecting financial institutions: deregulation, more aggressive competition, better-educated consumers and changing technology.

## Societal Trends

There also are societal trends influencing consumers. According to the study, these trends are a shift from an industrial to an information society, decentralization of the population and a population/demographic shifting.

In addition to examining societal trends, we also should look at changes taking place in consumer behavior. Today's consumers are becoming increasingly more sophisticated. They have four fundamental needs: to inquire, to perform "what if" analysis, to transact and to store. A financial retail executive who understands the consumer's need for information will find this understanding will help with product development, product packaging and delivery systems.

The consumer's selection criteria for a financial institution have changed also. The most important criteria still is convenience, but consumers now are defining convenience more broadly. The consumer sees convenience as access to his banker to obtain information. He sees convenience as availability in terms of hours of business. (We have clients who are experimenting with having business hours seven days a week.)

Consumers also define convenience as flexibility in obtaining financial products. An example of this is the home equity line of credit that can be accessed by simply writing a check from the kitchen table without ever having to visit the financial institution to fill out forms. A traditional geographic location of the brick and mortar also is a consideration. Finally, simplicity in establishing and maintaining the financial relationship is

an extremely important factor.

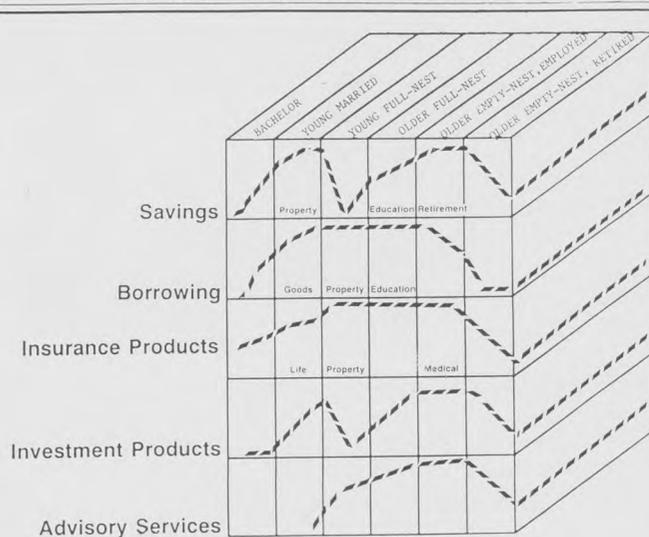
But financial institutions cannot be all things to all people. The key issues become obtaining and sustaining a cost advantage; the ability to focus resources on target customer segments in order to manage costs and maximize effectiveness; and to direct a personal message to the right consumer.

"The Retail Force" study indicates consumers do not mind being labeled the "mass market." But they do not want to be treated as "mass market." With this in mind, the financial executive needs to pay close attention to product packaging, communications and delivery systems if he is to direct a personal message to the right segments. If financial retailers expect to retain customers, they are going to have to earn the right to serve them.

But how do financial institutions learn what consumers want? Today, financial retailers must take a market-driven approach to delivering products and services through market segmentation. Market segmentation is the intelligent alternative to trying to be all things to all people.

The financial-services executive must first identify customer and market characteristics. Essentially, there are two ways this can be done. One way is to use secondary marketing research. This is research data provided by the Census Bureau and other government sources. The second and more preferable way is through primary marketing research. This research allows the financial-institution executive to focus specifically on his primary market area and develop key

Consumer Financial Services Life Cycle



demographic characteristics. Further, it allows the executive to check his/her market characteristics against societal trends and consumer behavior changes. With this information the executive can compare the rate of change between his market and other markets.

## Marketing Segment Definitions

Once the executive has identified market and customer characteristics, the next step is to develop market-segment definitions. The most common ways of segmenting the marketplace are by age, income, life cycle, buying behavior, occupation and geography, or some combination of these factors.

Peat Marwick clients frequently use the combination of age, income and occupation in conjunction with life-cycle segments. Life-cycle stages are an excellent way to find market segments. These life-cycle stages include: bachelor; young marrieds; young marrieds full-nest; older marrieds full-nest; older marrieds empty-nest, employed; older marrieds empty-nest, retired. These segments enable financial executives to track how the demand for various financial services changes as people move through the life-cycle.

To clarify life-cycle segments, see the illustration. For example, let's take the product group "savings." In the "bachelor" group, the demand curve for savings starts out low but rises. In the "young marrieds without children" group, the demand curve shows savings rising quite rapidly, typically due to two-income households. In the next life cycle, "young marrieds with children," there is a rapid diminishment of savings. This group generally borrows more and uses savings to handle the increased cost of living associated with children, two cars, more life insurance and property insurance, etc.

In the "older marrieds with children" group, there is an increase in the demand for savings products, but also significantly higher borrowing in an effort to provide college educations for the children. The "older marrieds without children" who still are employed, shows an increased use of savings products, signifying preparation for retirement and diminished use of credit products. Finally, the "older-retireds" demonstrates a significant decrease in the use of savings products during retirement as well as a decreased need for credit products.

## Determining Customer Needs

By using these life-cycle stages and demand profiles obtained from marketing research for each product, the financial-services executive can determine customer needs by market segment. Then the executive is in a position to determine which specific customer segment he wants to penetrate and then develop products, services, delivery systems and communications for those selected segments.

When establishing target-market segments, two components should be considered. First, attractiveness of the segment to the particular financial institution; and second, the competitive position of that segment.

To evaluate the attractiveness of a segment, the financial retailer should consider the segment's contribution to overall goals, profitability, potential for multiple-account sales, substantial fee income, size of the market segment and "fit" with current capabilities.

In determining competitive position, the financial-institution executive must first identify his competitors for a given segment and then analyze their strengths and weaknesses. There are a number of ways

to do a competitive analysis. Some of the most practical ways are to shop the competitors' branches, study the competitors' advertising carefully for positioning to a segment, perform a financial analysis and talk to competitors.

The next step in competitive assessment is for the financial-institution executive to determine his own strengths and weaknesses in given segments. The point of this exercise is to determine whether the financial institution has a strong, average or weak competitive position in each of the various segments.

With this research in hand, the first course of action is to compare the attractiveness of a segment against the financial institution's competitive position for that segment. Simply stated, if a particular market segment has a high attractiveness and the financial institution has a strong competitive position with regard to that segment, it makes sense to target that market segment with personal messages concerning financial products and services that appeal to that segment.



The planning effort enabled the client to differentiate his financial institution from the competition and to attract and retain preferred customers.

Once targeted segments have been established, the next phase is to develop marketing strategies. One of the best methodologies for developing specific market strategies can be found in "The Retail Force." Using the matrix analysis found in that study, the financial-institution executive can select the appropriate products and delivery systems to meet the needs of customers in targeted segments.

Let's put it all together using an example. One of our clients has determined one of his targeted market segments is "young marrieds." Market research indicates the needs of this group are convenience of time, flexibility and credit availability. An attribute of this group is substantial discretionary income. Market research has further determined the products they seek are transaction accounts, credit cards and installment loans. They also prefer ATM delivery systems and rapid loan processing.

With this profile, the client implemented market strategies to increase penetration of that market segment. Market strategies included offering credit cards with preapproved lines of credit and allowing movement of funds through the use of ATMs for greater flexibility.

What did all this planning effort bring the client? Results! The client achieved more from scarce resources by focusing those resources on a targeted segment. The planning effort enabled the client to differentiate his financial institution from the competition. In addition, the client attracted and retained customers he preferred to have in his financial institution. However, the most important result has been a positive impact on the bottom line. ● ●

## Management's Commitment:

# Sales Culture Is a Corporate Culture

By Michael T. Higgins, President, Mike Higgins & Associates, Grand Island, Neb.

**T**HE PREREQUISITE for successful banking in a competitive environment is management's commitment to marketing and creating a sales culture. Much attention has been given to the need to create a sales culture but little is understood about what that commitment from management really means.

A successful selling environment is the result of a culture created throughout an organization. A sales culture, therefore, is really an overall corporate culture.

By definition, corporate culture is the learned pattern of thought and behavior of an organization. It is the way an organization has decided and been instructed to do things. It is a commitment to a belief that exerts a powerful influence over the entire work force.

A study of successful organizations concluded that the



Mr. Higgins was CEO of a community bank prior to establishing his consulting firm. He is a past chairman of the community bank marketing council of the Bank Marketing Association.

most successful have a pattern of behavior that is observable from the boardroom down to the supply room. People stimulate cultures. Therefore, successful managers manage and shape their corporate cultures in ways that are most desirable for their particular organizations.

It is necessary to build a spirit and a belief that will result in a set of values, standards and customs that can be subscribed to by all bank personnel. A bank must have corporate values to assure dignity and opportunity for each employee, which, in turn, assures that each employee's identity is fused with that of the corporation.

A successful organization has a network that keeps a culture alive by its belief in the company and the organization's purpose. A successful sales culture provides for a strong personal identity as well as a clear understanding of what the organization stands for.

The key point in developing a sales culture is to manage people in such a way that they become a part of the organization. Sales must have a meaning for each and every individual in the organization. And that meaning must come from the top.

What are the attributes of a successful sales culture? First, everyone works hard in promoting the culture. Everyone, for example, believes in customer service through sales. Sales then becomes a focal point from which

customers can be served. Sales becomes service and, indeed, the very purpose of the organization. All participants, either consciously or intuitively, reinforce a loyalty and cohesiveness throughout the organization. Successful banks are those that pay close attention to cohesiveness.

Values, standards and expectations are the core of the sales culture. Values are polarized by setting goals and establishing a system for measuring and rewarding goal achievement.

Coining slogans or making idle statements about instilling a sales culture will not create a sales culture. It cannot just sound good. There must be a dedication on the part of employees.

### Emphasized Values Chosen

Values and standards for selling must filter down from the executive suite. Employees will choose from only those values that are consistently emphasized. It is not a matter of pronouncing what the values are. Values are created and reinforced by watching what the company actually does. Actions communicate the belief and the commitment to a market-driven sales environment. Employees need not listen to what you say. They "listen" to what you do.

Selling must be articulated as a commitment and be represented by example. Management's example must be repeated and dramatized throughout the organization. Only then will sales become a part of the corporate ritual. Only then will the sales culture spread throughout the organization. Only then will people who believe in expanding the commitment to customer service through professional selling follow that commitment. Only then will the staff understand that selling is service and therefore it is the very *purpose* of the organization.

### Transition Not Easy

The transition from banking's product-driven, product-oriented culture to the market-driven, customer-oriented sales culture will not be an easy one. People get attached to their previous cultures, their previous values, standards and ceremonies.

A change in culture usually is opposed by employees because they are losing something familiar. Attention must be paid to the transition as cultures are reshaped. It must be recognized and appreciated that many people are losing something they want to hold on to.

There also must be a consensus before change can succeed. And there needs to be a process that will help the organization understand that consensus. Culture is the major barrier to change because it influences the lives of all employees.

Introducing a market-driven sales culture will require an investment in personnel training and systems that was unnecessary in a regulated financial environment. There-

fore, the investment in creating a sales culture will require special attention to maximizing efficiencies in management systems and productivity from personnel.

Efficient management systems can be acquired. Productive people, however, will seek those organizations that recognize and value high productivity. If management accepts mediocrity in any area of the organization — particularly among its personnel — it will not only discourage highly motivated and productive people from joining the organization, it will be unable to retain those that it does hire.

A productive environment stimulates productive people. Conversely, acceptance of mediocrity in any area of an organization discourages productivity throughout the entire organization. Consistency is important. Good people just won't stay in a mediocre environment.

Equally important, management's acceptance of mediocrity is an insult to those people who are productive. The implied message is that productive efforts are unnecessary, unrecognized and without merit. Productivity begets productivity. Tolerating mediocrity encourages mediocrity. And a mediocre organization cannot compete in a deregulated environment.

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"Implementing a Sales Culture for Community Banks" is the title of a recently released edition of *Competitech*, a publication of the ABA.

Author of the publication is Michael T. Higgins, president, Mike Higgins & Associates, Grand Island, Neb., who authored the adjacent article.

Market research confirms that financial customers already are overwhelmed and confused over financial-service options, according to Mr. Higgins. Therefore, community bankers should evaluate every possible alternative to reducing the number of products and services available and then concentrate on their marketing techniques.

Ordering information is available by calling 201/467-4118.

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Managing in a competitive environment will require an entirely new mind-set. First, accept the fact that marketing management and corporate management are synonymous. Corporate management is characterized by a comprehensive management style that can be depicted in a layered superstructure.

● **Strategic Planning.** This serves as the foundation and focus for market-driven management. It is not practical to allocate a full-time position for strategic planning; therefore, it is advisable to enlist outside resources to facilitate the planning process until such time planning skills can be mastered within the senior-management structure.

● **Customer-Driven Strategies.** The importance of these can best be described by the story of the most successful real estate marketing representative in the country. The man was blind. On receiving an award at a national convention, the master of ceremonies stated, "You have always been very successful. This year you have been more successful than hundreds of thousands of your peers. Tell us the secret of your success."

"That is very simple," was the blind man's reply. "I must see my customers' needs through their eyes."

This is the market-driven attitude of a deregulated environment. Successful organizations will see customer needs through customers' eyes.

● **Product Development-Product-Exit Strategies.** New products will flood our industry. Third parties will provide the majority of these products. These products will have life cycles in a competitive environment. Different market

segments will demand different products and services. Therefore, management must periodically evaluate and streamline existing services, introduce new services and discontinue outdated services.

During the regulated environment, regulators essentially designed, sized, fabricated and priced financial products. In a deregulated environment, on the other hand, entrepreneurs research, design, develop and distribute new products and management systems. The market will price those products and an expanding delivery industry of banks and nonbanks will distribute products to the marketplace.

## Providing Services Is Mission

Community banks as well as many large multibank HCs should not expend resources for research and development. Their primary mission is to provide services rather than to design and manufacture services. Sales organizations serving as representatives of entrepreneurs and manufacturers will serve as distributors of new products and will provide banks with a variety of alternatives to appropriately stock their shelves with inventory.

● **Expense Redeployment.** All available financial and personnel resources must be effectively employed if banks are to be able to afford the things that must be done to stay competitive. More productive techniques and systems must be introduced in order to be able to invest in the future.

## Transition Must Be Made

To compete in a deregulated environment, a transition must be made in personnel productivity and measurement systems. This transition is going to take a substantial investment in time and financial resources. Two approaches can be taken to meet the challenge. The first is to initiate a series of internal evaluations to identify areas that can be improved. A second is to secure the services of an outside specialist. In either event, profit improvement from work flow, cash management, systems and overall productivity is absolutely prerequisite to being able to afford to invest in the new world of banking.

The key ingredient in creating a successful sales culture is commitment. The second ingredient is patience. There is much to be done but it doesn't all have to be done immediately. The only immediate requirement is to make the commitment. Begin now to create a management-directed sales culture in order to compete successfully among your many new and revitalized competitors. ● ●

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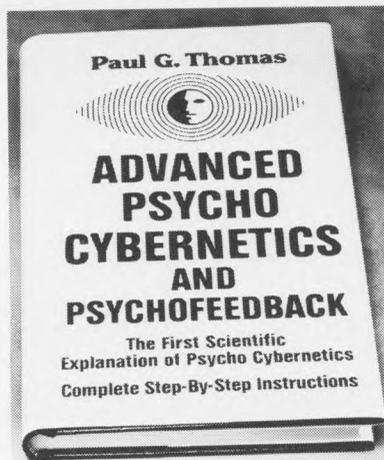
# ADVANCED PSYCHO CYBERNETICS



Paul G. Thomas, founder and owner of the Psychofeedback Institute, Los Angeles, CA, discovered the great and undeniable truth that it is impossible to achieve any goal without psychofeedback.

The result of twenty years of research and analytical thinking, Paul Thomas is the first to give a complete explanation of the concept of psycho cybernetics. Solidly based on scientific facts, his book is recognized as one of the most important ever written on motivation and personal fulfillment. Defining motivation as "the energizing and control of purposeful behavior towards specific goals," Mr. Thomas explains the exact neurological process which releases the latent power in the greatest computer known - the human biocomputer.

The book has been excerpted/serialized by the editors of the magazine **Success - Leaders - New Woman - Manage** (National Management Association) - **Real Estate Today** (The National Association of Realtors) - **Future** (The US Jaycees) - **The Interconnection Journal - Managers Magazine** (LIMRA), who said "This is one of the most important books ever written on the subject of motivation and self-improvement." Prior to excerpting, **Life Association News** said in review, "This book is must reading for life underwriters - both the successful and the unsuccessful ones. It may be the most rewarding book you will read." **Southwest** (airline) - **Continental** (airline) - **Insurance Sales - California Real Estate - Golf Digest** plan to excerpt in Sept. '85. Both **Sales & Marketing Management** and **Human Potential** magazines have featured Paul Thomas and his work.



From **Sport** magazine February 1985.

Neil O'Donoghue, kicker for the St. Louis Cardinals, had his worst NFL season in 1983, making only 15 out of 29 - 52% - of his field goal attempts.

At the beginning of the 1984 season a Cards fan gave O'Donoghue Paul Thomas' book. It was then he discovered his problem was not in his leg; it was in his **biocomputer**. He started to carry out the instructions in the book.

The result? In 1984, O'Donoghue had his best season ever. Not counting five that were blocked, he kicked 23 goals out of 30 attempts. His 77% success rate was a 25% improvement. And his field goals won three games with only seconds remaining.

"What has happened to my kicking since using psychofeedback and Paul Thomas' psycho cybernetics is fantastic," says O'Donoghue. "I know now that previously I was allowing outside things - the rush, the game situation, and the fans - to be part of my thinking. With this edge, I can now focus on what I have to do and keep it simple."

"Paul Thomas has done everything which Dr. Maxwell Maltz did not do in his Psycho-Cybernetics. And I speak with the authority of one who had previously used the Maltz book as a motivational tool since it appeared in 1960."

**Mitch Resnick, President,  
Dictograph Security Systems.**

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## Convenience & Community

woods to give the image of stability, longevity and friendliness to customers is becoming increasingly popular. Detailing, she adds, is simple, but elegant.

Neutral or sedate colors with a traditional styling are favored by Mr. Heflin at Cawthon.

"Colonial buildings always will comprise a strong share of the new facilities built," says Mr. Williams at Design-Build Concepts. Contemporary design, on the other hand, is elusive and everchanging, with post-modern now enjoying some popularity.

"Traditional buildings change little and are sometimes used with even the most modern surroundings, particularly in executive areas," he adds. Current "modern" colors are grays and mauve tones, along with the staple "earth tones."

In a slightly different vein, Messrs. Spalding and Strong at BBC stress the importance of color in segmenting bank departments. Colors work together with signs to do this, they say. Now that banks are leasing sections of their lobbies to nonbank suppliers of services, such as insurance agencies, it's important that customers be made aware that such departments are not bank owned. Color schemes can make this distinction evident.

### Future Bank Construction

On the topic of future bank construction/modernization planning, Mr. Flott of HBE says there will be more ATM enclosures, installations in retail stores and banking at home, simply because customers want the convenience such facilities offer.

"Basically, we see a downsizing of the facilities utilized offering full-banking services at locations convenient to customers with ATMs servicing electronic-banking needs, with bank-at-home being a very future use of electronics," says Mr. Heflin at Cawthon.

"ATM network development will continue strong; retail store locations and home banking — new ideas in the early 1960s — still are coming," says Mr. Williams at Design-Build Concepts.

### Achieving Construction Efficiencies

In response to a query about how a designer achieves construction efficiencies without sacrificing the traditional "secure" appearance by banks, Ms. Fanger at Bunce replied:

"If the designer consults with construction, engineering and estimating specialists during the design process, the project can be 'value engineered,' thus eliminating unnecessary costs. This savings will allow the achievement of the 'secure' appearance."

"Aside from construction materials, which must be durable and substantial, one of our main concerns is the area of security systems and minimum exposure to possible loss," says Mr. Williams at Design-Build Concepts. Banks today want to be and appear secure, but without the "fortress" look of the past.

Banks that are retail oriented should be careful of how "secure" they appear if the appearance is forbidding, says Mr. Spalding at BBC. Banks want to give the appearance of warmth and friendliness; they no longer have a need to appear secure in the sense they needed to following the depression years. ●●

## Design Problems

areas of poor visibility that would offer hiding places or concealment for a robber wishing to attack either a bank employee or a customer.

If future drive-up facilities are to be considered, the design must take into account traffic patterns around the site and building entries, he says. Patterns must be arranged so walk-in customers do not have to cross drive-in traffic to gain access to the building.

Stack space is another plan consideration for cars waiting for transactions. Since drive-up facilities normally incorporate the use of a concrete slab under the drive-up canopy, it is recommended that future drive-up facilities be roughed in with pneumatic tubes and conduit during initial construction in order to avoid demolition of concrete in the existing drive-up area.

If island ATMs are to be installed in the future, it should be noted that island-width requirements for these machines are different than those for a standard drive-up, Mr. Koob says.

If a standard drive-up system is to be replaced in the future by island ATMs, land and island width are major considerations. In areas where it is difficult or impossible to excavate for additional drive-up facilities, this problem may be solved by the use of overhead pneumatic-tube systems or mechanical overhead systems. Mechanical systems offer some advantage in requirements for reduced island width and generally smaller canopies, Mr. Koob says.

Design for computer systems involves design of the computer room itself, as well as provisions for CRTs or on-line terminals connected to the system. If future desk locations are planned, they should be provided with conduit rough-in for computer and standard electrical outlets with an isolated ground. The isolated ground is used to eliminate motor noise from other equipment operated on the same circuit. If the terminals are to use modems, a telephone connection is required.

Central computer rooms are less complex today than in the past due to the increasing miniaturization of equipment, he says. They do, however, require special air conditioning to control both the heat load generated from the equipment and humidity control or static suppression. If remodeling a building where insufficient cooling has been provided and humidity control is not available, free-standing units may be installed using a water line for the heat-exchange medium, along with an electrically powered package-type steam humidifier.

It should be noted that different computer systems require different voltage requirements as well as Wie or Delta connected power. Voltage requirements can easily be converted by use of the proper transformers that may be supplied by computer manufacturers.

Conduit of sufficient size should be installed in the main computer room in order to receive wire from the various CRT locations throughout the building, Mr. Koob says. ●●

# Computer-Aided Design Capability Projects Plans in 'Blink of Eye'

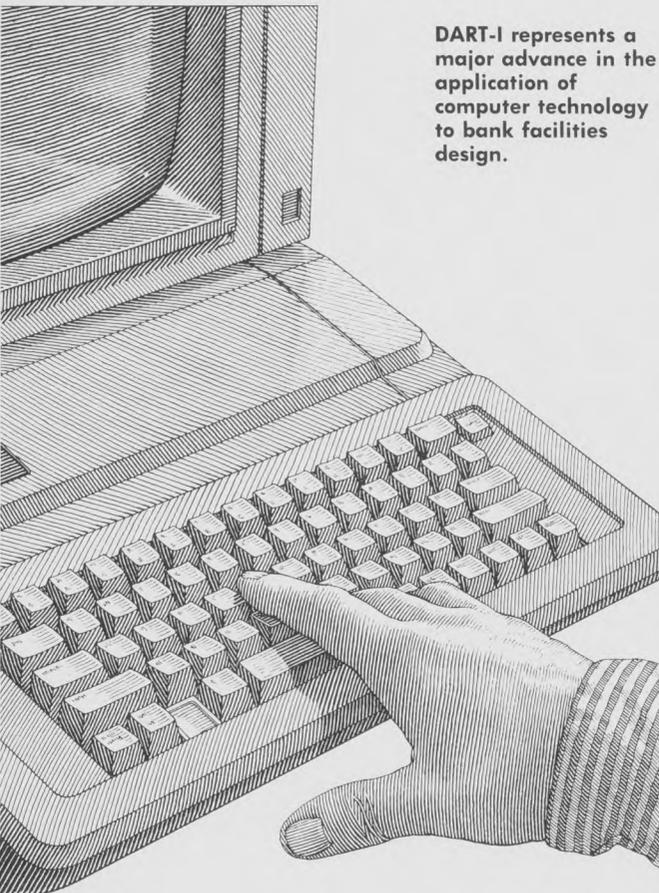
## DART-I System Draws Plans For Community Bank, Waco, Tex.; Draws Raves From President

**A** NEW design system developed by Bank Building Corp. (BBC) integrates the skill and experience of a research analyst and a comprehensive team of design professionals with the speed and accuracy of computer technology, says Gary Strong, marketing manager for the St. Louis-based design/build firm.

"The system's speed, flexibility and direct client involvement put unprecedented control of bank design into the hands of bank operations executives," he told MID-CONTINENT BANKER.

The system, called DART-I (Designed-Assisted Resource Team), enhances BBC's 70-plus years of experience in the designing and building of financial facilities with what Mr. Strong calls "full-spectrum computer-aided design and estimating capabilities."

More important, he adds, the resultant combination of man and machine allows bank management to work more closely with design professionals, exploring alternatives, developing cost estimates for each option and weighing those options against operational criteria



**DART-I represents a major advance in the application of computer technology to bank facilities design.**

developed exclusively for banks.

Mr. Strong says DART-I represents a major advance in the application of computer technology to bank facilities design.

"DART-I is more than just a collection of new computer programs," he says. "It represents a unique integration of expert designers with specially adapted electronic tools. With DART-I, bank managers can sit with the architect at the keyboard, express their own ideas of how the new or remodeled building should function and instantly see those ideas come to life on the screen."

Availability of this information so early in the design process allows clients to make crucial decisions at a stage when they can be implemented cost effectively, he adds.

### How Process Begins

The DART-I design process begins when clients communicate building requirements to BBC's design team. Those requirements, along with the basic design ideas of the architect, are fed into the computer, which analyzes the data according to a set of optimal design criteria developed by BBC's staff. In minutes, the computer produces a schematic diagram representing the ideal spatial relationships of offices, work stations, reception areas, hallways, etc. That diagram is then converted into a proposed floor plan.

The client's management and operations personnel are then brought directly into the design process, according to Mr. Strong.

"A bank president might say to the architect, 'What would happen if we moved this office to the other side of the building?' The architect can input that data and instantly reconfigure the entire design," he says. "The client can then see a two- or three-dimensional representation of what the new design would look like, from any perspective desired. Necessary furniture, equipment, landscaping and even people can be added into the picture in proper scale. By combining a sequence of views, the computer can create the impression of driving past the building, flying over it or actually walking in the front door and inspecting each area," he says.

Mr. Strong asserts that DART-I allows a financial executive to examine several reconfigured designs in a matter of a few hours. The program constantly checks alternatives against optimal criteria, alerting designers when one feature is too far from or too close to another. Drawings of alternative designs can be produced at the same session. In addition, DART-I incorporates an estimating program that can provide projections of the cost of any design modification.

"A process like that used to take two to three weeks per design," Mr. Strong says. "With DART-I, it takes two or three minutes."

But DART-I's work is not finished with the production of the final custom design. "DART-I also estimates project costs with remarkable accuracy," Mr.

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“*Briefing the New Bank Director*” provides the recipient with an overview of the director's job and responsibilities and also offers suggestions on “homework” and “reading” assignments that will bring him quickly up-to-date in his job.

This 8-page folder concludes with what the author has termed the “20 Commandments for Bank Directors” starting with “Thou shalt not attempt to usurp prerogatives of management,” and ending with “Thou shalt submit thy resignation gracefully and with dignity when no longer making a positive contribution to the bank.”

For a FREE copy of this folder, fill in the coupon below. You'll receive this plus other information concerning the bank director's job that can be useful to him and, of course, to the bank.

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Strong says. "This is accomplished through an immense data base that is constantly being updated with materials and construction costs for each area of the country.

"After working drawings have been prepared, the design proposal is fed into the system to produce an inventory of everything needed to build the facility — every doorknob, every window, every light fixture," Mr. Strong continues. "This integrated, multi-discipline process makes it possible for Bank Building to offer a guaranteed

construction cost to the client. There are never any surprises."

BBC has applied DART-I to a number of projects with excellent results, Mr. Strong says. He refers to Rick Smith, president, Community Bank, Waco, Tex., as being especially enthusiastic about the use of the system in the remodeling of the bank's two-story facility.

"I am sort of a frustrated architect myself and the ability to explore all those design options was just fascinating," Mr. Smith says. "In the blink of

an eye I had the design in front of me and could see the merits and disadvantages of every option."

After two decades of constant expansion, Community Bank's management decided, that to accommodate more customers and employees, a major remodel of the building was necessary. "Time was a critical factor in our remodeling plans," Mr. Smith says. "We had really waited too long and we needed to do something fast."

The design team at BBC's Richardson, Tex., office put DART-I to work, developing projections and requirements for future use and offering an initial design proposal to meet those needs.

"We made a survey of the facility in late March and in a matter of three weeks we were able to present the bank's board with a complete operations analysis and design proposal," says Bruce McMickle, president of Banking Building's southwest division. "That is just half the time the process requires without a computer."

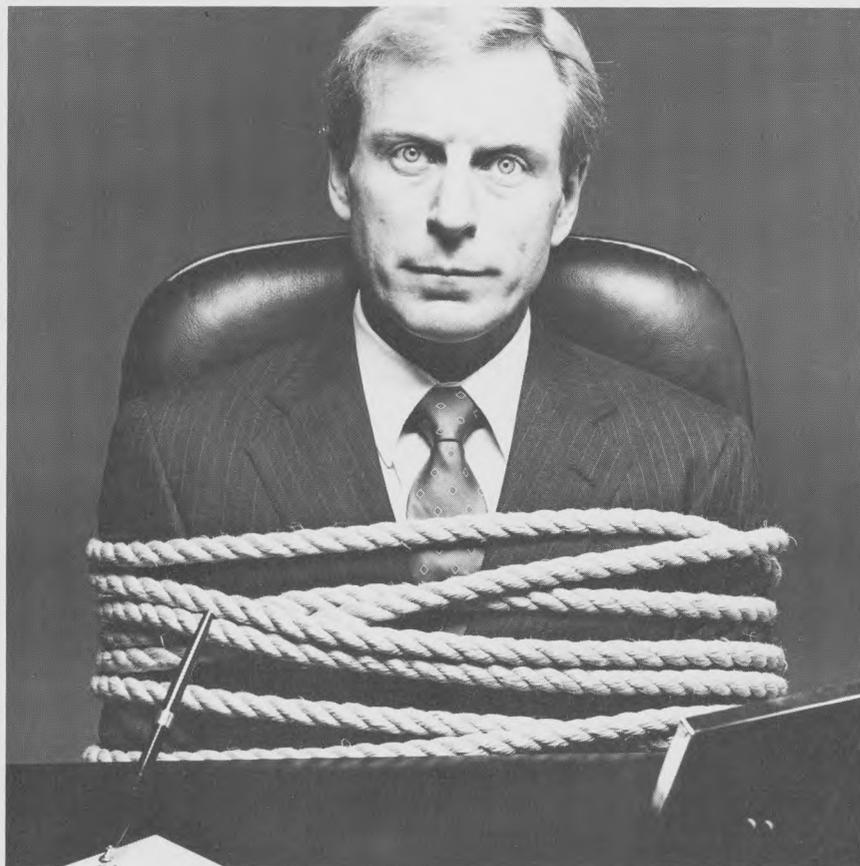
Five days later, BBC showed the bank a computer-generated schematic design in addition to project cost estimates. Mr. Smith traveled to BBC's Richardson office to confer with the firm's consultant-services manager and the project architect to finalize the layout. Mr. Smith brought with him the input of bank employees describing their requirements for the remodeled interior.

"It was a tremendous session," Mr. McMickle recalls. "We jointly considered various office arrangements, partitions, furniture, equipment and other elements. When we finished three hours later the design was as much his as ours. He was very enthusiastic."

Mr. Smith was impressed with the human component of DART-I as well as with the speed of the computer system. "The designers at Bank Building were very receptive to our suggestions. They were not so bound to their original design that they resisted customizing it to our needs," he said. "Instead, they were just as energetic and fascinated by the design process as we were."

"Our work with the Bank Building design team proved very beneficial to us," Mr. Smith continues. "They understood how bank departments work and integrated that expertise into their design criteria. We were able to take those suggestions and customize the design to meet our needs. Without the flexibility provided by Bank Building's system, customization would have been much more expensive." ●●

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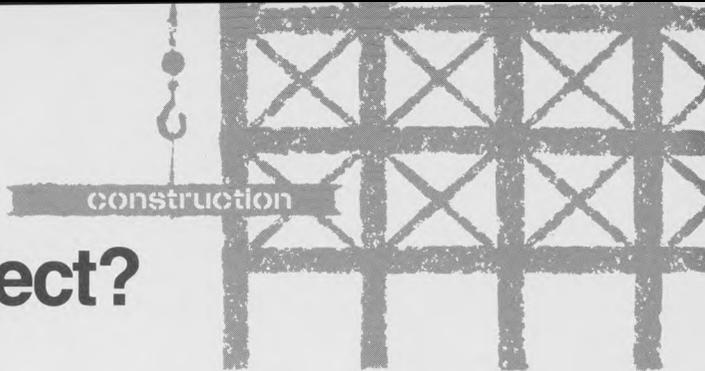
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# In the Market For a Building Project?



By Carl J. Conceller\*

**C**HANGE and growth are rapid in today's financial-services industry. News media report daily on new financial products, mergers, acquisitions and regional banking developments. Last year alone, approximately 375 new state and national banks opened for business.

Financial-delivery-system facility needs have changed so rapidly in the past 10 years that financial-related construction has picked up substantially across the nation, reversing the slow period of the early 1980s.

The beginning of any new facilities project is the realization that there is a need for improvement. That realization may be prompted by cramped work stations, a drab lobby or crowded customer-service areas.

Once the realization becomes a decision to expand, careful analysis and thorough planning are required. The diverse needs of the operation must be assembled into a solution that is efficient and cost effective.

Planning for a new facility takes time. When management decides to investigate new facilities opportunities, it should be ready to commit adequate time to the project.

## Procrastination Not Advised

I have sometimes found that important planning was delayed because of the demands of the daily work load or through a "wait-until-tomorrow,-we-still-have-time" attitude. This attitude doesn't consider that a bank's facilities continue to grow more inadequate as time goes on. Procrastination often results in a harried management embarking on a crash program to plan, design and build a project in an unreasonable time frame.

Limited time often means limited available options, limited flexibility of design and increased bottom-line costs.

Management and bank employees know the organization better than any outside group. Bank personnel work through the operations every day and understand the values, philosophies and culture of the community. They know the role the institution plays in delivering financial services to its customers.

The most important early step toward solving the facilities puzzle is to define the bank's needs through review, survey and internal discussions of problem areas. Involve employees early in internal discussions to address the problems and needs of the organization, but refrain from developing solutions before needs are identified.

Decision makers should ask the following questions:

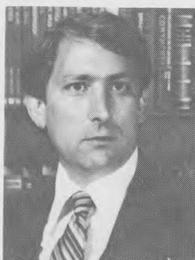
- What are the bank's needs?

- What are the potential costs and the bank's spending flexibilities?

- What impact will this program have on the bank?

Early internal analysis of the "what ifs" and the impact of the dollar cost of a potential program will help determine the course or direction of a project. In addition, management will save time and money for itself and the professionals it chooses to work with. A list of well-defined needs, goals and limitations will provide a helpful picture of the operations.

Establish what is wanted, what will fit the bank's needs, be it high tech, state-of-the-art facilities or a better-than-average financial-delivery system. Determine which would be most comfortable for the institution and its customers.



\*Mr. Conceller is president, Conceller Group, St. Louis, a consulting firm that offers facility-planning services to financial institutions. Before starting his own firm, Mr. Conceller was associated with HBE, design/build firm headquartered in St. Louis. Prior to that, he was with Mercantile Trust, St. Louis, involved in charge-card operations.

Sometimes major decisions concerning building programs are made without in-depth analysis. But adequate analysis insures cost-effective results.

I once heard of a bank that insisted on planning for space in excess of its needs. A plan was put into motion for a 10-story, 200,000-square-foot facility. As planning progressed, management discovered the space demand didn't exist, nor did capital to fund the project. No outside parties could be found to invest in the project. Management settled for the reality of a 50,000-square-foot building and had to write off \$200,000 in planning expenses.

Installing new facilities doesn't always mean a new building. Depending on the bank's needs, operation problems might be solved easily and effectively by any one of the following options:

- Renovation of existing facilities.
- Expansion of present facilities.
- Installation of remote facilities.
- Leasing space for a branch in a nearby mall.
- Purchase of an existing facility.
- Working with a developer.
- Non-brick-and-mortar alternatives, including ATMs

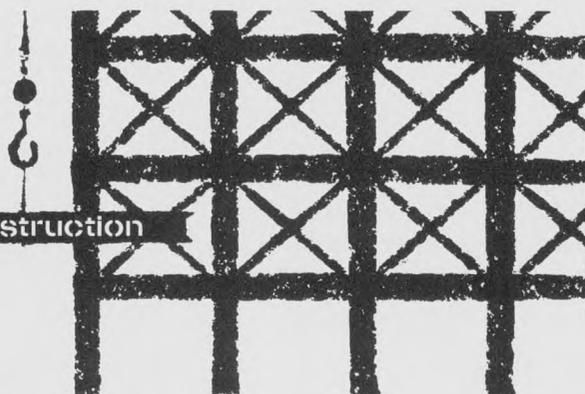
and other methods to improve efficiency.

Space in the current facility may be adequate. It may be that space allotted for departments and functional relationships may have been outgrown because of customer traffic flows or operational changes.

If more space is required, will the present location provide room for expansion? Would remote facilities solve the service problem? Is ready-built commercial space at a premium in the bank's locale or can appropriate space be leased economically? Would a whole new building really solve operation problems?

Consider each option and ask "what if" questions of each possible scenario. Seek the option that best fits your facility's needs and the bank's program.

Beware of institutionalizing the planning process. Sometimes planning can become a comfortable preoccupation with the result that the project has difficulty getting off the ground.



Early planning is important and will facilitate communication in the next stage of the project.

After internal planning has been done and alternatives considered, seek outside professional support. Look for qualified firms capable of addressing the bank's needs — from early planning to design and, finally, construction.

This support might include consultants specializing in bank planning or architects with successful experience in bank design. It might come from a design/build specialist in financial construction or other capable firms. Consider each firm on the basis of reputation, creativity, client satisfaction and track record.

Find out what projects the firm has done. Look for demonstrated experience and knowledge of technology, legislation, systems, work environments, etc.

Remember that architect specifications affect the cost of the project long after construction has been completed.

Ask questions, and then ask more questions! It's amazing how few questions are asked and how many assumptions are made in connection with projects costing millions of dollars. Sometimes no questions are asked. It's unusual for a presentation to be made so well that it answers all questions.

It's not unusual for owners to not know which questions to ask. Fees always are a primary concern. Everyone wants to know how much a project will cost per square foot. But questions should be asked that affect management, the project and the bank. Questions should be asked about qualifications, time frame, supervision quality and philosophies of the firms involved.

Questions should be asked about how the work will

be performed. Will it be done internally or farmed out? If the latter, what kind of synchronized work relationship do the firms have with one another? What is the experience level of firms taking on the work? What are the experience levels of individuals assigned to the project?

In fairness to the institution and the presenting firm, allow adequate time for interviews, presentations and questions — at least an hour per session. On several occasions I encountered boards that would allow no more than 20-minute presentations. That's hardly enough time to discuss a project in depth with the qualified firms in which a bank has a serious interest.

## Talk With Project Personnel

Besides checking references from the list of projects submitted by the design firm under consideration, management representatives should visit the firm's office. Take a look at where the work will be created and produced. Talk with the people who will be working on the project in addition to the sales and marketing people who have called on the bank.

Request facsimiles of all documents, drawings, sample boards, specifications, etc., that the bank's representative will be asked to review, approve and sign throughout the duration of the project. These documents include budget approvals, supplemental agreements, contracts, contract documents, general conditions, trade-payment forms, payment methods, draws, change orders, etc.

It's best to know in advance how financial and legal details are going to be handled. I have talked with many bankers who have paid a high price to end a relationship because of misunderstandings.

Make sure the project manager thoroughly understands the details required for management to reach a decision before approval and financial commitments are required of the institution.

Be aware up front what is included in the programs and the fixed price. Clarify what would be considered as an allowance and what costs may be considered as owner responsibilities. Be sure management understands the bank's financial obligations at each stage of the project.

Ask how the fees are structured and what they include — architectural inspection, insurance, performance bonds? What are the alternatives to filling these needs?

Consider quality, value and performance, not just low fees or square-foot costs. Measure the total cost of the building by adding the construction, energy, maintenance and people costs. Will the facility provide an environment to make the most of the talents of employees and management?

Proper planning creates a clear understanding of the project for both sides — the bank's and the firms it chooses to work with. ● ●

● **Texas American Bank/Austin** opened a new 100,000-square-foot facility at Burnet Road and Northcross recently. The new bank/office building opening culminates a building/expansion/remodeling project started in 1983 that included a five-story office building, remodeling of its Austin facility and connecting the two structures. The bank is the major tenant, occupying 30,000 square feet of space on the first three levels of the building.



## Mercantile Trust Has Designs on Success

**S**LIGHTLY more than 10 years ago, the interior design needs of St. Louis-based Mercantile Bancorp. and its lead bank, Mercantile Trust, were filled almost exclusively through outside expertise. Now, 18 banks, 54 banking facilities, a 36-story high-rise and \$3.27 billion in assets later, those needs are being met by Mercantile's own facilities-planning group.

As the once-popular cigarette commercial said, "You've come a long way, baby."

"Indeed we have," says John Ward, vice president/division manager at Mercantile Trust and head of the company's facilities-services division, of which the facilities-planning group is a part.

By the end of this year, the facilities-planning staff will have overseen 1985 expenditures of several million dollars. The size of those projects runs the gamut from those involving expenses of a few hundred dollars to projects costing millions of dollars.

"Before 1975, we had no facilities planners per se," says Mr. Ward. "The work they now do usually was performed by outside contractors. Now, however, in about 40% of the jobs my facilities-planning staff handles, we act as our own general contractor."

Time constraints, says Mr. Ward, are the reason his group doesn't act as its own contractor more often. But, he adds, as his facilities-planning staff gains more experience, Mercantile will be able to depend less on outside designers.

It's easy to understand Mr. Ward's eagerness for his staff to become as efficient as possible. The 10-year

*In-house facilities-planning department at Mercantile Trust, St. Louis, handles all interior-design needs. Combined annual salaries of the division often are less than architect's fees for one project.*

---

**Facilities planning staff at Mercantile, above, discusses project blueprints. From l. are Briggette Lanigan, facilities analyst; Sue Barbagallo, construction coordinator; John Ward, v.p.-facilities services; Michelle Redington, facilities officer; Cathy Florich, facilities planner; and Joe Lambert, project mgr.**

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Mercantile veteran estimates that the combined annual salaries of his division often are less than the average architect fees for one major project.

The staff is comprised of an assistant vice president who acts as a project manager for Mercantile's affiliate banks; a second project manager who oversees construction work; an architect who also serves as a long-range planner and special-projects coordinator; two facilities planners; a facilities coordinator; a construction coordinator; and a facilities analyst who serves as the group's project assistant for research, interviewing, costing, equipment selection and problem solving.

folks in my division have shown a total commitment to their jobs."

The success of Mercantile's facilities planners is illustrated by the cooperation received from other banks and departments within Mercantile's 43-bank system.

"I think the others (Mercantile banks and departments) have a lot of confidence in us because of our track record for meeting schedules. In our eyes, meeting schedules is a must because time is money," Mr. Ward says.

Some recent examples of projects done by Mercantile's facilities-planning group include a total remodeling of Mercantile Trust's two-level bank lobby in downtown St. Louis;



The facilities planning group at Mercantile Trust, St. Louis, tracks projects on a status board. From l. are John Ward, Cathy Florich and Michelle Redington.

"We're a closely-knit bunch that relies on the total-team concept," Mr. Ward says. "Everybody in my division does what's best for Mercantile. As a result, 95% of the jobs we handle are brought in under budget and on time."

Facilities planners do considerably more than just interior design. After determining a bank's or department's needs, the facilities planner develops a preliminary set of plans. The planner then reviews those plans with the appropriate affiliate bank or department, develops a floor plan and interior design (including furniture, equipment, carpet and decor selection), formulates a budget for the project, has final drawings done and seeks approval for the total expenditure.

That final step often means meeting directly with the appropriate executive of Mercantile Trust or Mercantile Bancorp.

"I have total confidence in my staff," Mr. Ward says. "In our business, after-hours work can be a way of life; and the

renovation of the trust company's corporate banking department in Mercantile Tower, also in downtown St. Louis; construction of two new convenience banking centers located inside grocery stores in the St. Louis area; installation of a new drive-up facility for Mercantile Bank in downtown Kansas City; expansion of Mercantile National of St. Louis County's offices in west St. Louis County; and renovation of newly-leased quarters for Mercantile's credit-card center in downtown St. Louis.

Additionally, the group is planning construction of a new downtown banking facility for the trust company to be located at Olive and Tucker; plus the construction of new facilities for the convenience-banking center at St. Louis International Airport.

"Regardless of the project we do, our goal is to do the absolute best for Mercantile," Mr. Ward says. "We may not be perfect, but we certainly strive for it." ●●

Two hundred years ago the Ohio was the new highway west. Thousands rode her waters to a new life. Until they came to The Falls. Here the journey meant walking on the land. And from those countless footprints grew two great states. Kentucky and Indiana.

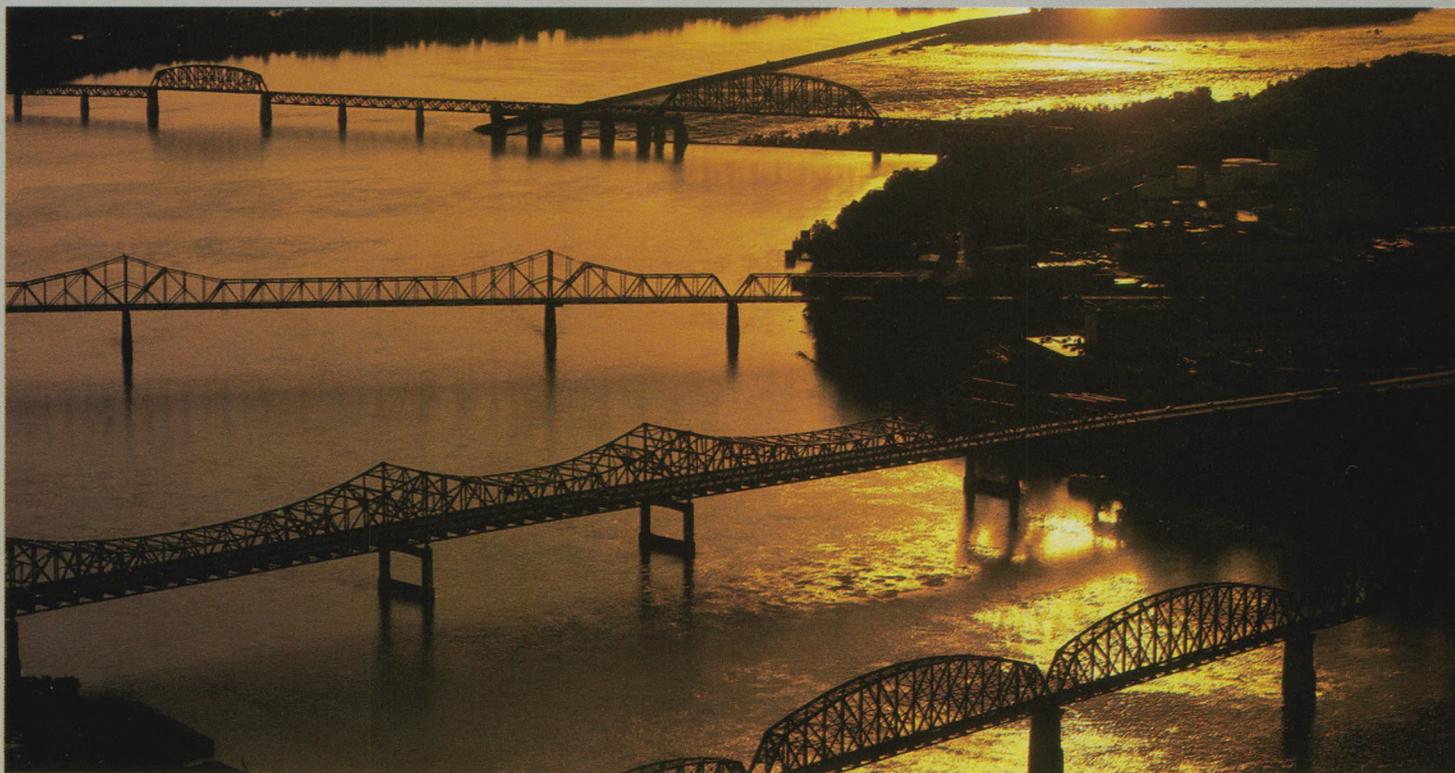
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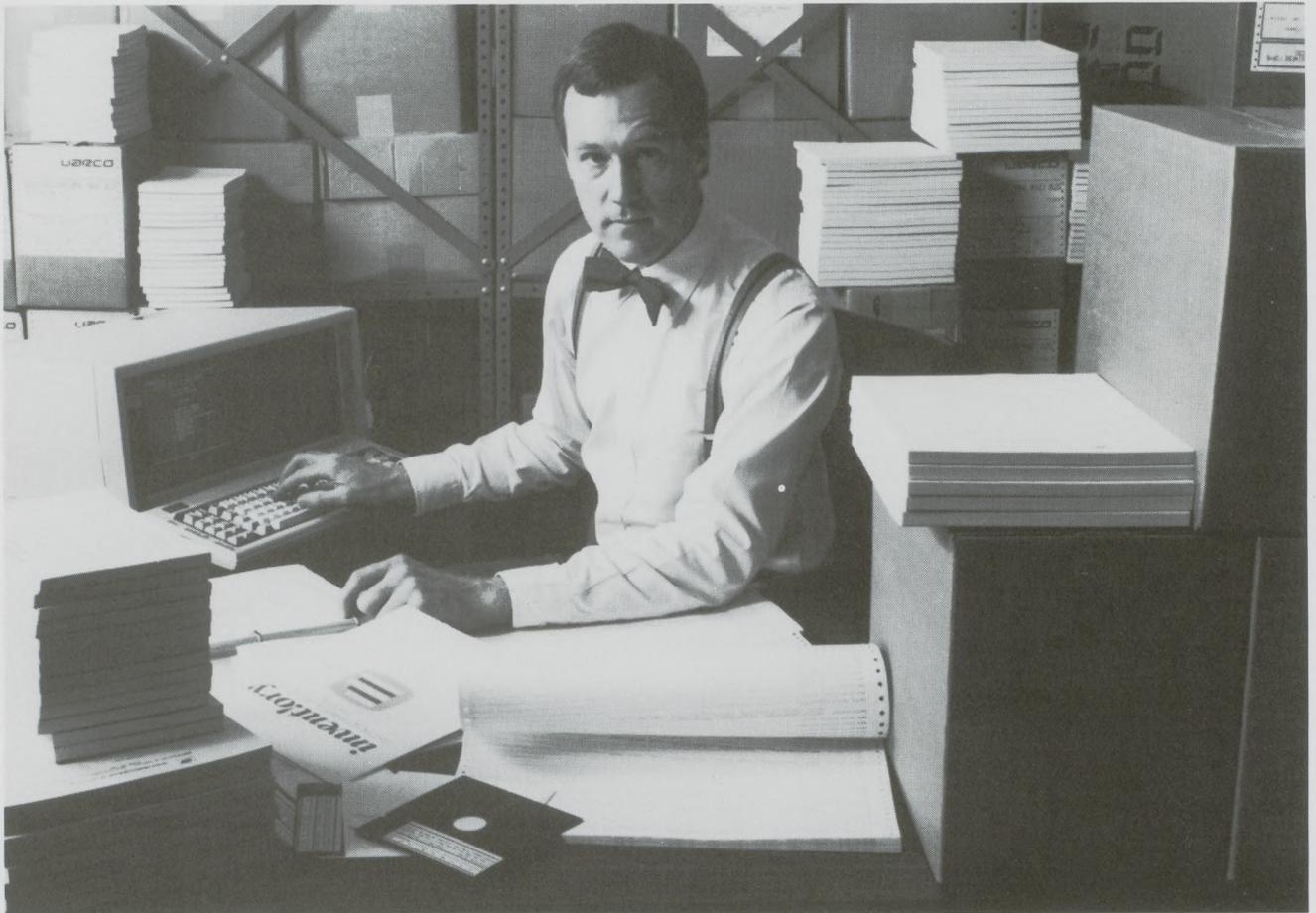
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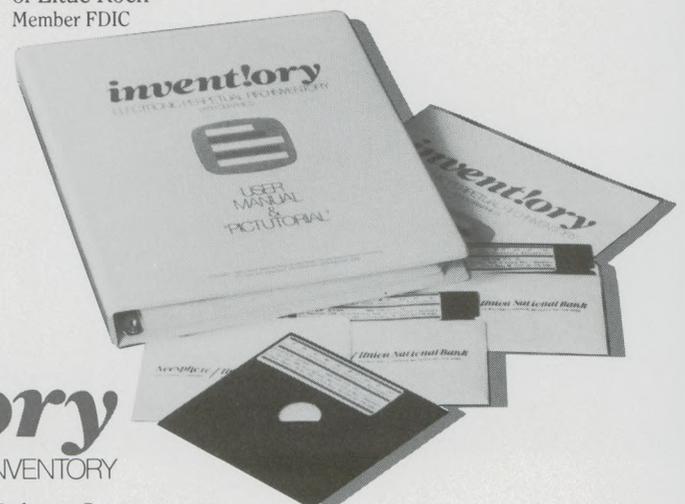
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# Commercial Drive-Ins: Are They Wave of Future?

By Jim Fabian  
Senior Editor

**A**RE commercial-customer drive-ins the wave of the future? Yes, say representatives of two banks, one in one of the nation's largest cities; the other in a small town in the nation's second-largest state.

The commercial drive-in facility of Exchange National, Chicago, is the recipient of the 1985 "award of excellence" for outstanding design by the Illinois Council Association of Registered Architects.

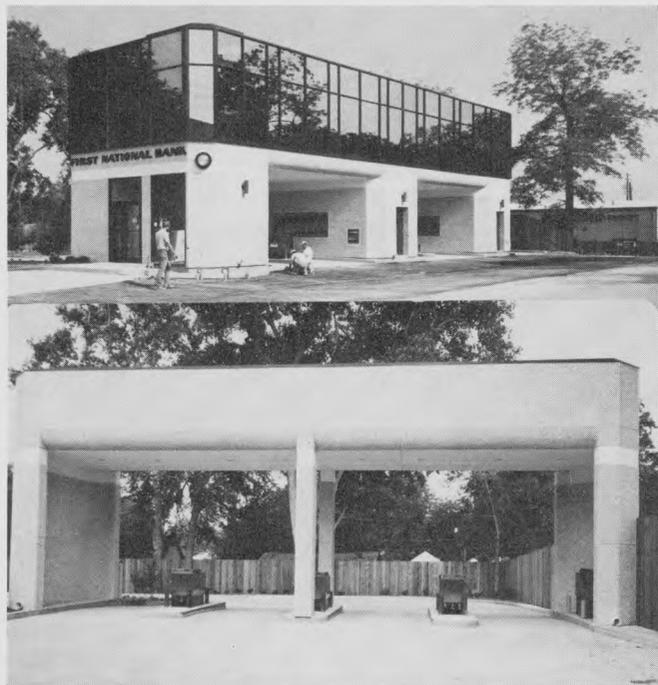
The commercial drive-in facility of First National, Huntsville, Tex., is billed by its plan designer, Diebold, Inc., as the "drive-in of the future."

Exchange National's commercial drive-in is located about a mile from the bank's downtown headquarters, just a few blocks from Chicago's famed "Miracle Mile" district.

## Two Commercial Lanes

Designers tackled the problems associated with bulky and time-consuming commercial cash transactions by utilizing a double-curve lozenge plan that allows for stacking more than 16 cars in four lanes, two of which are designated for commercial use. More than 70% of the 7,000-square-foot site is taken up by drive-up kiosk islands, paving and landscaping, with the remaining portion devoted to walk-in business.

**Main structure of commercial drive-in facility of First Nat'l, Huntsville, Tex., features mini-bank on top floor, four-lane drive-in underneath (top photo). Adjacent structure (bottom photo) is for retail customers. Trees, flowers prompt bank to call facility "motor park."**



**Four lanes of commercial drive-in of Exchange Nat'l, Chicago, wrap around one-story structure (top photo). Barrel vault architectural feature slices diagonally across drive-in and walk-in facilities. Walk-up and drive-in windows are served from opposite sides of teller work area (bottom photo).**

Architects were asked to design the building so it would "make a statement of instant identity" by Chairman/CEO Ira J. Kaufman. They did this by positioning a 19-foot-high barrel vault that slices diagonally through the building and across the drive-in where it forms a canopy. The pedestrian entry features a 20-foot-high entrance portal and an arched facade. In keeping with the downtown bank's image of quality characterized by its collection of fine art, walls and partitions in the drive-in's public lobby are covered with suede vinyl and travertine marble is used on the horizontal framing of the building.

## Parklike Atmosphere

Designers of First National's "Motor Park" sought to develop a drive-in facility that would satisfy current, as well as future needs of commercial customers by offering "every criteria of convenience" possible.

The building is situated on a lot that has a parklike atmosphere due to large trees and flower beds.

The main structure (there are two) houses a mini-bank on the second level that has a teller area where personnel can view and operate four lanes of retail auto tellers located in an adjacent structure. It also houses a teller work area, lounge, customer lobby for loan officer attention and an elevator. Four car lanes pass beneath the structure to access commercial auto tellers and two teller windows.

The motor park is cost justified, according to bank President Robert Hardy, because it can be opened on Saturdays instead of the home office. ● ●

# Suiting Up

Proper attire is vital on the financial-services playing field.

By Shirley A. White

**A**LTHOUGH many people are uncomfortable with the work "image," it is extremely important in today's world. Like it or not, we generally are first evaluated based on our appearance. This may seem unfair, but it happens every day. It has been happening for centuries. Even Shakespeare wrote: "The apparel oft proclaims the person."

According to some psychologists, it takes 10 to 15 seconds for a person to create an impression. Whether positive or negative, your image creates lasting impressions about your economic and educational levels, your trustworthiness, your expertise, your level of success and your moral character.

You may be skilled, determined, sincere and knowledgeable; but if your personal appearance is confusing and lacks professionalism, you will not be totally effective in your job. And with the increasing competition in financial services, it is absolutely imperative that the image projected by bank personnel be positive and professional.



Professional appearance is especially important for public-contact personnel because the first thing to be sold is that individual. Before the teller and the new-accounts person can promote a financial service, they must first sell their credibility to the customer.

Research studies have shown that wardrobe and body language speak more eloquently about us than anything we actually say. The way we dress, the way we move — these things taken together are our visual presence. So when we dress poorly, when our demeanor is poor, the fight for credibility is much harder.

Image is more than just a veneer. The purpose is not so much to create an illusion or facade, but to call attention to existing professional capabilities.

Let me illustrate this point with a slightly exaggerated example. A gentleman in a small midwestern town inherits \$1 million. He goes to one of the local financial institutions and asks to see the president. After all, as a million-dollar investor, he doesn't want to see anyone below that level.

Now before I describe the outfit the president is wearing, I want you to think back about a decade ago

## Guidelines for Men

- Business suit (shirt/tie to coordinate)
- Blazer/slacks (shirt/tie to coordinate)
- Pocket square (optional)

### Shoes

- Tie-ups and conservative slip-ons
- Avoid moccasin-style with very obvious stitching, penny loafers and two-tone shoes

- Socks should match either shoe color or trousers color

## Guidelines for Women

- Skirted suit (blouse/sweater to coordinate)
- Jacket/skirt (blouse/sweater to coordinate)
- Conservatively styled dress (preferably jacketed)
- Skirt/blouse
- Skirt/sweater

- Avoid pants

### Shoes

- Pumps
- Sling back (closed toe or small open toe)
- Avoid strappy sandals and backless shoes
- Hose should be a neutral color to match color of skirt/dress and shoe. (E.g., navy suit, navy hose, navy shoes. Avoid off-white hose with dark-colored shoes)

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and conjure up memories of polyester leisure suits. Do you remember? Well, there sits the president in a lime green leisure suit, a yellow and orange floral print shirt and five gold chains hanging from his neck. Do you honestly believe the investor is going to trust this man with \$1 million? Absolutely not!

A well-polished and professional image is the most visible and easily acquired business tool. It takes years to acquire an education and work credentials, but in a relatively short time you can achieve a look that projects self-confidence, credibility and competence.

## Look Good, Feel Good

When we look good, we feel good. Our self-confidence increases and we project a more positive attitude. Consequently, people tend to be more confident in our abilities and judgment. We also are less vulnerable to intimidation. Generally, we are motivated to do our best.

Avoid inconsistency. By that I mean looking great on Monday and Tuesday, beginning to fall apart on Wednesday and Thursday and looking like a total wreck on Friday. People will assume that your work will follow the same pattern. In other words, heaven help the poor customers you talk to on Friday.

Let's look at some general guidelines (see box on page 50) for appropriate appearance in the financial-services industry — keeping in mind that conservative good taste is what we are striving for. Also, remember that position and circumstances will dictate specific garment and color choices.

What about colors? For men, good colors for suits, blazers and slacks are navy, gray, brown, tan and beige. Keep in mind that the darker the color, the more authoritative the look.

Surprisingly, brown is becoming a popular and effective business color in menswear. Chip Tolbert,



Shirley A. White, M.B.A., Ed.D., is a faculty member in the department of management, Louisiana State University, Baton Rouge. She is owner of Success Images, a consulting firm specializing in employee training and individual self-improvement.

fashion director of the Men's Fashion Association in New York City recently said the new appeal of brown has much to do with the fact that manufacturers are making suits in subtler shades of brown, sometimes adding as many as five other colors into a predominantly brown mix. This makes the color flattering to men whose complexions once appeared jaundiced when juxtaposed with brown. In the September issue of *Success* magazine, John Malloy attributes the popularity of brown to President Reagan, who wears brown suits on important occasions.

In a survey I conducted entitled, "The Impact of Professional Dress on Career Success," when the participants were asked to associate colors with a variety of adjectives, the color brown was most often linked to the adjectives "masculine" and "boring"; while blue was associated with the adjectives "sincere" and "conservative." In the financial services area, blue (varying shades) and conventional gray still are the predominant colors.

For men's shoes, black, brown and cordovan are the basic colors. Avoid two-tone shoes — these are for

## Career Apparel Provides Professional Image, Says Supplier

**B**ANKS spend a tremendous amount of money on their buildings and on proper color schemes for interior decor. This can be wasted if the esthetic appeal is lost in the multitude of colors and styles of a bank's employees, says Gerald C. Struven, president of a career-apparel firm in Chicago bearing his name.

"Properly chosen career apparel can give an establishment the professional, team esprit de corps which is so important in financial institutions," Mr. Struven says.

A career apparel program has these advantages:

- *Advertising for the bank.* "When customers see your employee in career apparel, they immediately identify her with your bank and your name is kept in the public's mind," Mr. Struven says.

- *Less concern over employees' appearance.* "You know their clothes will be right when they are in career apparel," Mr. Struven says. "You can now concentrate on their intelligence, aptitude and desire."

- *Turnover is reduced.* An employee will think twice before giving up the clothes benefit, Mr. Struven says. Studies have shown that absenteeism and tardiness also are reduced when a bank goes into career apparel.

- *Morale is improved.* Career apparel eliminates clothes competition among employees. Employees know that job performance is the important factor. In addition, employees know that management cares about them and is doing something for them.

In addition, career apparel has benefits for employees, Mr. Struven says. These are:

- *Money is saved.* "No matter what cost arrangement is made between employer and employee, the employee comes out ahead. In some cases the bank picks up the entire cost."

- *Improved productivity.* "When employees feel good and well-dressed, their work tends to reflect their confidence."

- *Less worry over clothes.* "The most often-heard comment from employees who wear career apparel is 'I love it! I don't have to worry about getting up in the morning and deciding what to wear.'

"There are an infinite variety of methods used in financing career-apparel programs so banks can choose the one best for them.

"The important thing to remember is to buy quality merchandise; create pride in ownership. It's more expensive at the time of purchase, but it wears longer."

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leisure wear.

Ladies, I am sure you will agree, we like to coordinate shoes with our garments. However, since we all can't afford a pair of shoes for every outfit, basic colors include black, navy and taupe. You can add to this list brown, gray, wine and bone. Keep in mind, however, that shoe color should coordinate with color of the skirt/dress, or be darker.

Keep jewelry to a minimum — a good timepiece, and one ring per hand. Leave the cocktail sparklers at home. Earrings should be simple, nothing too large or dangly. Also, avoid bangle bracelets and layers of gold necklaces.

Makeup should be applied for daytime wear — subtle and natural looking. Heavy eye makeup and heavy blush should be avoided.

One very important concept I want to point out is that you don't have to spend a lot of money to dress appropriately and professionally.

Be aware of the colors that enhance your natural coloring (skin tone, hair color and eye color); styles that flatter both your figure and your personality; proper fit; where, when and how to shop; and how to determine quality

## ABA Starts Safety/Soundness Commission

**T**HE ABA has formed a commission on safety and soundness to identify ways to enhance the safety and soundness of the financial community.

The commission has been given wide latitude by the banking community and will be working in partnership with the ABA's banker-led committees and councils. Target date for completion of a "white paper" is next February.

Members include J. G. Cairns Jr. and Donald T. Senterfitt, top ABA officers, and nine others, including Franklin H. Moore Jr., president, Commercial & Savings Bank, St. Clair, Mich. Mr. Cairns is president, Peoples National of Washington, Seattle, and Mr. Senterfitt is vice chairman, SunTrust Banks, Inc., Orlando, Fla.

(keeping in mind that price does not always determine quality).

Remember, every other financial institution wants your customers.

In this fiercely competitive market, where everyone is getting into everyone else's business, you must give the consumer many reasons for doing business with your institution. One of these reasons should be *personnel* who project a well-polished, professional image, thereby not only giving employees a competitive edge, but also giving the entire organization an edge.

## Career Apparel Makes Bankers Easy to Spot

Customers of Texas Commerce Bank-Garland have little difficulty spotting an employee of the bank when they need one.

That's because all contact employees are suited in award-winning career apparel.

Apparel is one of the primary benefits of working at the bank, says Donna Lewis, human-resource vice president, who is in charge of the bank's four-year-old apparel program.

"Customers like to be able to tell at a glance who is a bank employee," she says.

She adds that the bank believes the program provides that "extra mark of success," by projecting a professional image by use of career apparel.

All customer-contact personnel are required to wear one of four outfits designated for any particular day, according to Ms. Lewis. The variety of outfits enables employees to display some individuality in their dress while maintaining the overall image projected by quality outfits.

The bank pays for the two-piece suits plus alterations. Annual cost is about \$12,000. Ms. Lewis heads a selection committee that buys two suit styles and three or four blouse styles annually.

Positive comments have been received from customers and few complaints have been noted by employees about the apparel.

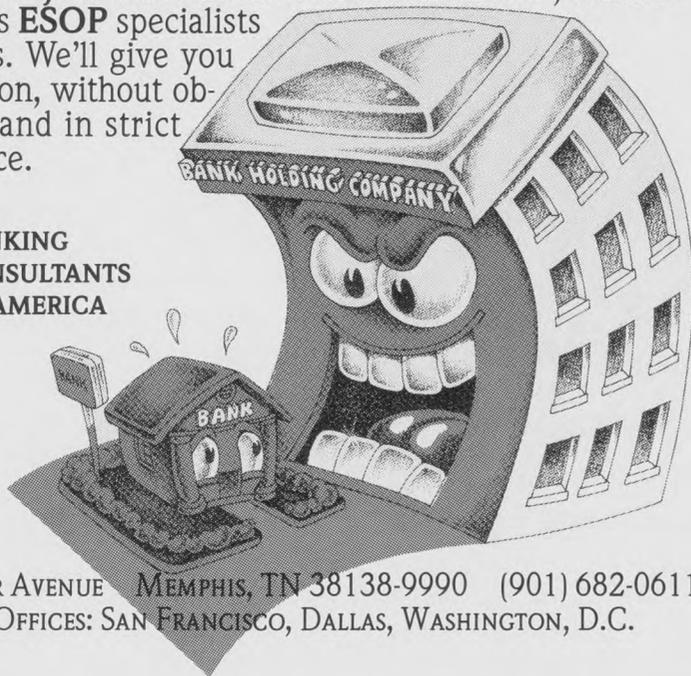
"Employees may occasionally tire of wearing the same outfits, but they also realize the program saves them money," Ms. Lewis says.

Even though the program can be "a lot of trouble," it is the best way the bank can control employee dress and, therefore, the bank's image with its customers, Ms. Lewis says. ●●

# Don't get swallowed up.

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The vault door is part of Mosler's American-Century line and is designed to integrate with Class 1 SuperCrete™ panels, light-weight panels or reinforced concrete walls to create a Class 1 vault. Door vestibules can be either 12¾ or 18¾ inches and the door is positioned as being superior to either a 5R or 6R vault classification for additional security, according to Mosler. It comes with a black vinyl-cladded steel hinge cover, back panel and shadow-box trim. The face and vestibule plates are cladded stainless steel. The doors feature Superloy,® a security structure used in Mosler U. L. -listed vault doors. It is said to be twice as attack resistant as steel against a cutting torch. Lightweight and SuperCrete versions are available.

The data safes for protection of information processing and computer media are rated to protect floppy discs. They have passed the German Braunschweig Fire and Impact Test, according to Mosler. During this test, the safe, with all computer materials inside and under simulated fire conditions, is subjected to an outside temperature of 1,832 degrees. It then is dropped 30 feet and reheated to 1,832 degrees. During the test, inside humidity does not exceed 85% and the temperature 125 degrees. The safes come in four sizes.

The brochure of service and technical-support systems describes the Mosler service team, service agreements, service library, education programs and other technical-support systems. Mosler service is provided by more than 1,200 technicians. The firm's philosophy focuses on preventive maintenance.

For information on these products, write: Mosler, 1561 Grand Blvd., Hamilton O 45012.

\* \* \*

**Panel Concepts** is offering a computer file shelf of steel construction for mounting on the firm's System 2Plus panels. It comes in four widths and two depths and is designed to accept computer printout folders, storage boxes, file folders and other accessories made by Wright Line and Acco.

Write: Panel Concepts, Inc., P. O. Box C-25100, Santa Ana CA 92704.

\* \* \*

**Omron Business Systems** is offering the Omron 050 Printer that provides receipt printing, ticket validation, purchase itemization and tracking of credit/debit authorization

data. It's designed for use with Omron C.A.T.™ POS credit/debit authorization terminals and allows identification of posting errors with a built-in journal receipt. It includes a slot for inserting forms for transactions validation and prints in alpha-numeric characters.

Write: Omron Business Systems, Inc., Payment Systems Division, 1300 N. Basswood Rd., Schaumburg IL 60195.

\* \* \*

**Aiphone Corp.** offers its YAZ intercom system that provides confidential two-way conversations within a network of up to 90 stations. The self-contained system has an internal microprocessor that eliminates a bulky central exchange unit. It increases the number of features available, such as "camp-on" busy, call transfer and three-station conference calls. The system is programmable to allow station numbers to be changed. Add-on horn speakers permit paging, hands-free talkback, background music and remote control of exterior fixtures.

Write: Aiphone Corp., P. O. Box 90075, Bellevue WA 98009.

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**Talk-A-Phone Co.** offers a hands-free intercom system for drive-up banking that consists of a recessed control panel and a microphone that can be mounted on the counter, wall or ceiling of a facility. The amplifier/power supply can be sited under the counter, wall or ceiling of a facility. A weather-proof substation allows customers to talk to tellers with neither party touching the equipment.

Write: Talk-A-Phone Co., 5013 N. Kedzie Ave., Chicago IL 60625.

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**Spacesaver Corp.** offers a portfolio of 10 case studies that detail how high density mobile storage and filing systems solve space problems and increase office efficiency. Studies include banks, thrifts and credit unions. Each study provides design criteria, schematics of typical mobile filing-storage layouts and an analysis of the installation with dimensions and cost-effective results. Information on how office space planners have solved space, inventory and cost problems is included.

Write: Mark Huebenschild, Spacesaver Corp., 1450 Janesville Ave., Ft. Atkinson WI 53538.

\* \* \*

**ACL Equipment Corp.** offers individual Beacons as part of the line of Tell-R-Lite lobby traffic-control equipment. Beacons can have either self-contained switches or remote switch controls, with chimes optional. A new specification and component sheet describes and illustrates the Beacons.

Write: ACL Equipment Corp., P. O. Box 381, South Orange NJ 07079-0381.

## Agriculture

(Continued from page 30)

the CFS balance sheet and since we require that it be filled out each year, we key the data into the computer from that," Mr. Leroy said. "We also use the cash flow and that's a different process. For that form we feel they should come in with last year's tax returns and sit down with us at the computer as we custom design that form

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for them," he continued. Later on as they build two- or three-year histories, the bank plans to move into the other modules.

"CFS really shows its stuff at our loan-committee meetings. We take the printouts and present them as part of a business plan and even where there have been problems we often can show positive trends and changes that are going to make a difference in the ability to pay back a loan," Mr. Leroy said.

One thing Mr. Sandven and the other bankers we talked to noticed is that recordkeeping quality changes with the seasons. When a farmer comes in for an operating loan in February or March things may look sharp, but as planting time comes around he starts to let the books slide and by harvest his records are incomprehensible. That's why most of the banks said they are planning to integrate with TransAction Plus. That way they will have a link with an ongoing cost-accounting program and can be assured of accurate records every month.

Mr. Leroy explained how CFS and TransAction Plus work together.

"At the end of the month you enter the checks and deposits with the enter-

prise coding for income and expenses. For instance, a farmer may have sold 10,000 bushels at \$2 a bushel. You enter that as a reduction of inventory, or hog feed, and then TransAction Plus goes back to the CFS balance sheet and changes those figures so you are up-to-date at the close of every month.

"With all the difficulty getting farm credit these days, every farmer needs adequate planning and management information or lenders just can't take the risk," he said, summing up.

Steve Francis, business representative at First National, Wilmington, Ill., was firm in his convictions. "Farming is a business and computerized recordkeeping is a necessary and integral part of that business.

"At First National we see ourselves as business consultants in addition to serving as a credit resource, so we offer a variety of services including soil testing, marketing, recordkeeping and tax counseling as well as financial planning and management with TransAction Plus and CFS," he explained.

"Our approach was to invite all our ag clients to dinner where we explained our service programs. They then selected the ones they wanted. Completing and updating the CFS financial reports runs \$125 per year, the other services are priced accordingly. If they select the CFS option, we train them in filling out the forms and — more importantly — show them how the information can help them plan and manage their operation better."

Of the bank's 35 ag customers, 25 selected the CFS option and received the training. All 35 customers use the balance sheet annually; the rest have monthly-cash-flow, balance-sheet and income-statement updates. But Mr. Francis made it clear that all this recordkeeping activity would be meaningless unless there is a corresponding change in attitude and behavior.

"Not until farmers realize that financial management is the most important part of their operation, right up there with greasing the tractor and planting the corn, will we have a turn-around in the farm-credit crisis," he said. ●●

● **Seven percent** of the current farm borrowers of agricultural bankers will be discontinued by June, 1986, according to a survey of ag lenders made by the ABA. This is in addition to the 6% of borrowers who were discontinued last term. The ABA says these figures give further recognition to the continuing financial stress in the nation's farm economy.

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# Ag Bankers 'Grin and Bear It'

## 'What's Right With Ag' Leads Off IBA Meeting

By Jim Fabian  
Senior Editor

**A** BIT of irony was evident at last month's Ag Banking conference sponsored by the Illinois Bankers Association (IBA): The opening talk was titled "What's Right With Agriculture?"

Orion Samuelson, popular radio personality and vice president/agricultural-services director for WGN-Radio, Chicago, managed to fill his allotted 45-minute time slot with optimistic chatter.

He warned the 300 ag bankers attending the conference that they shouldn't take in all the talk going on in rural coffee shops because all that talk is negative. Most farmers stopping by for cups of coffee join in playing the "can you top this?" game when describing their problems.

"Find one positive aspect of ag before leaving the coffee shop or your day could be ruined!" he advised.

Mr. Samuelson's style is so winning that he could make any situation seem much better than it is. He put on his "Noon Show" from the conference, during which he interviewed IBA President G. Thomas Andes, president, First National, Belleville, and the chairman and vice chairman of the IBA's agricultural credit committee: Maurice Gordon, vice president, Northern Trust, Chicago, and John Abercrombie, president, Tamms State.

President Andes told approximately 500,000 radio listeners that Illinois banking is healthy, although it has some problems. Mr. Abercrombie told listeners that ag borrowers are feeling stress, but his bank, at least, is experiencing growth. He said his bank's ag-loan portfolio is in pretty good shape because the bank was not heavily involved in ag lending back when farm problems began to surface. He added that bankers aren't interested in acquiring farmland, contrary to the

public's perception.

A session on farmland values brought the conference "down to earth" regarding the realities of the ag situation.



**IBA Pres. G. Thomas Andes (l.), pres., First Nat'l, Belleville, is interviewed "live" on WGN's "Noon Show" by Orion Samuelson, show host. Show was broadcast from site of IBA's Agricultural Credit Conference last month.**

Land-value declines in the Midwest are approaching the 50% figure set in the 1920s and '30s, said Dave Lins, professor of farm financial management at the University of Illinois, Champaign. The present decline stands at 40%, he said.

In discussing factors that could further depress land prices, he said no one clearly knows what will happen in the future. Of six factors he cited that adversely influence land prices, the one most likely to further depress land prices is negative opinions of farmers and lenders. He sees no end to the prevalence of this attitude. Another factor likely to react negatively on land prices is increased returns to nonfarm investment.

He listed factors that could stabilize or increase land values and rated their

possible effect on prices.

He dismissed higher commodity prices because he doesn't see them moving upward. There's a relatively high probability that a "holding tank" public program for land will have "a tremendous effect on the land market and thus stabilize land values," he said.

Passage of tax incentives for asset transfer is rated low since Prof. Lins doubts that anything will occur in this area.

### Interest-Rate Prediction

**L**OWER interest rates are improbable too, he said, along with lower returns on nonfarm investments. The same goes for any heavy "contrarian" investment in land.

However, there's a high probability that a conservation-reserve section in the new farm bill will add stability to land values. Such a section is expected to take marginal land out of production for up to 10 years.

The overall U. S. economy is stable, even if land prices aren't, said Don Moriarity, senior vice president, General Bancshares, St. Louis, during his economic report.

But he has concerns, including the possibility of heavy runup in the money supply as lenders are freed from regulated interest rates. Too heavy a runup could rekindle inflation, he said. He predicted more movement into two-year Treasury notes and some movement into 10-year T-bills. The current build-up in checking-account balances is occurring because alternatives aren't attractive at this time; but this adds to money-supply buildup.

Consumer debt also is a concern of Mr. Moriarity's. The consumer has carried the current market expansion but may drop out now because the market is saturated, he said.

He predicted a GNP near 3% for 1986, compared to 2% at present. Price levels are expected to be in the 4% to 4.5% range and the 1986 economy might be more buoyant than this year's. If there are no major shocks, he said, 1986 will be much like 1985.



William Barnes III (r.), chairman, Midwest Financial Group, Peoria, visits with Daniel E. Marvin, chairman and president, First National, Mattoon.



Dale Arnold (r.), Midwest Financial Group, Peoria, visits with former associates at Citizens National, Decatur. At left is John Richard, retired auditor. In the center is Harold Lickey, retired loan officer.

## Citizens National, Decatur, Hosts 46th Annual Correspondent Party

By Lawrence W. Colbert  
Vice President, Advertising

THE 46th annual correspondent bankers party hosted by Citizens National, Decatur, was held September 9 at the Country Club of Decatur.

This annual event continues the tradition originated by the late John H. Crocker, who organized the bank's correspondent department in 1939. Current head of the department is David G. Weber, vice president.

Approximately 160 guests played golf during a day-long tournament and were joined by other guests at a social hour in the evening. A buffet dinner was served following the social hour.

Winner of the top golf prize for low gross was Craig Cocken, assistant cashier, Cissna Park State. Low net score was shot by J. M. Dougherty, vice president, Peoples State, Newton. Closest to the pin on hole #17 was Larry Meadows, senior vice president, First Trust Savings Bank, Taylorville.



David G. Weber, vice president/correspondent-department head, announces golf tournament winners.

### Transitions in Illinois

- **D. John Stavropoulos**, executive vice president, First National, Chicago, has been named to fill a one-year unexpired term on the national board of Robert Morris Associates.

- **Perry Hansen** has been elected president/CEO of Rock Island Bank.

- **Scott W. Taylor** has been named president/CEO of Skokie Trust & Savings Bank.

- **James D. Martin** has been appointed deputy commissioner of banks and trust companies for the state of Illinois.

- **Hillsboro National** will be acquired by General Bancshares Corp., St. Louis. General owns banks in Missouri, Tennessee and southern Illinois and is in the process of being acquired by Boatmen's Bancshares, St. Louis.

- **The Central Illinois Group** of the Chicago Chapter of Robert Morris Associates has become a full RMA chapter. The group was formed in 1980.

- **Darrel W. Hilst**, executive vice president, State Bank of Havana, has been elected 1985-'86 president of the Independent Community Banks in Illinois (ICBI). His major goals are to continue the association's fight against any form of interstate banking, to help resolve the economic problems in agriculture, to fully capitalize and open the ICBI's bankers' bank and to increase membership.

- A task force on financial services has recommended to Gov. James Thompson that Illinois pass a regional banking law with a national trigger. A regional banking bill has passed the Senate and is in the Illinois House.



Leroy G. Ward, retired senior vice president and former correspondent head of Citizens, was presented a cake in recognition of his 75th birthday. Mr. Ward is shown blowing out the three candles, each representing 25 years.

At KBA Convention:

## Fed Concerned With Ag Problem

By Charles K. Hirsch  
Contributing Editor

**T**HE 91st annual convention of the Kentucky Bankers Association convened in Louisville on September 8 in the southern tradition of warmth and hospitality.

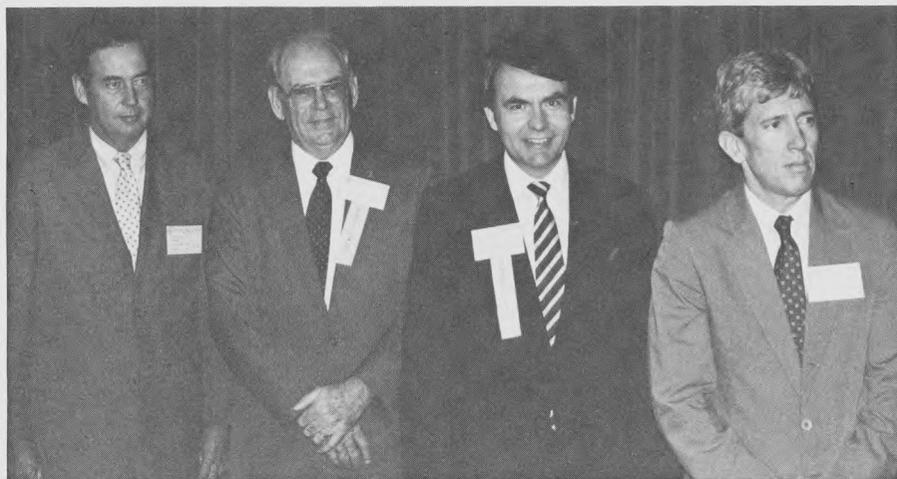
Each major convention speaker seemed to offer a challenge, whether spoken or implied, to Kentucky bankers.

Owing to the nature of the Kentucky economy, Thomas C. Melzer, president, Federal Reserve Bank of St. Louis, addressed the issues of monetary policy and the farm problem. Mr. Melzer described the farm problem as a two-dimensional challenge comprised of an operating problem and a financial problem.

The operating problem, Mr. Melzer said, primarily stems from a reduction in real income from farm exports and a reduction in land values, both occurring while the farm sector's indebtedness is increasing. Mr. Melzer stated that he believes the Fed can give little help in solving this part of the farm problem.

However, Mr. Melzer sees the financial problem as more within the Fed's control. He described the financial aspect of the farm crisis as being a problem that stems from the financial industry's attempt to service an industry whose income is decreasing while its need for borrowing is increasing. The most constructive thing the Fed can do, Mr. Melzer said, is seek policies that, in the long term, will positively affect inflation and inflation expectations.

Bank profitability analyst Alex Sheshunoff, Sheshunoff & Co., Austin, Tex., underscored his beliefs that the bank's greatest asset is its name and identification in its community and his confidence that small banks will survive these trying times. He also emphasized that the real challenge in banking's future is for banks to pick up good loan demand. Good loan officers, he said, will be moving from institution to institution, and they will be taking loans with them.



Changing of the guard: New officers were elected at the Kentucky Bankers Association annual convention. From left are: Nelson D. Rodes, pres.-elect; L. M. McBride, outgoing pres.; Robert M. Duncan, incoming pres.; and Dennis T. Dorton, treas.

Mr. Sheshunoff also outlined the six major choices facing today's bankers: (1) stay independent; (2) establish closer relationships with other independent banks; (3) form multi-bank HCs; (4) sell to another banker or to investors; (5) merge with a bank HC; or (6) get involved in a franchise program.

Donald T. Senterfitt, ABA president-elect, and vice chairman, Sun Banks, Inc., Orlando Fla., addressed what he calls the four issues of risk in the banking community. These are (1) the risk involved with the public's perception of the decline of the safety and soundness of banks, (2) the risk that bankers don't communicate with customers as they should, (3) the risk of narrow focus in ignoring issues that are not specifically labeled banking issues and (4) the risk that the banking industry may fail to remain united.

According to Mr. Senterfitt, it is the banker's challenge as an individual and the banking industry's challenge as a group to address and work to minimize these risks.

From Douglas V. Austin, professor, Department of Finance, College of Business Administration, University of Toledo, the bankers heard a message aimed at the individual bank as a

business entity rather than at the banking business as a whole. Dr. Austin talked about the need for strategic planning for both the short and long term. He tied planning to valuation because, he said, valuation is necessary so that bank directors and executive officers "know what they have in order to plan for what they want."

Bankers also heard a special-interest session presented by Richard G. Clarke, CPCU, vice president, McNear Insurance Consulting Services, Inc., Charlotte, N.C., who addressed risk management, and George Freibert, president, Professional Bank Services, Inc., Louisville, who talked about the banker's role in the regulatory-examination process.

Outgoing president L. M. McBride, chairman/CEO, City National, Fulton, presided over the meeting. Robert M. Duncan, president/CEO, Inez Deposit Bank and First National of Louisa, was installed as the new KBA president. Serving with him are Nelson D. Rodes, chairman/president-elect, and Dennis T. Dorton, vice president/trust officer, Citizens National, Paintsville — treasurer. ●●

## FDIC Cancels Bank's Insurance

**T**HE FDIC recently took the unusual step of cancelling a bank's deposit insurance, in effect closing the bank.

The agency cancelled insurance coverage of deposits in First Security, Dickson, on September 11. Insured deposits in the bank on that date will continue to be insured for two years, but no further deposits will be insured.

The bank was closed the next day by William C. "Billy" Adams, Tennessee commissioner of financial institutions, and the FDIC was named as receiver.

Peoples Bank, Vanleer, agreed to assume approximately \$15 million in deposits and \$11 million in loans and other assets of the closed bank.

The FDIC had taken an administrative action against First Security in March, 1984, "to correct poor lending and operating practices and policies," according to the FDIC.

"The bank was then and continues to be characterized by massive loan losses, poor earnings, inadequate capital and severe liquidity strains," an FDIC spokesman said when the insurance was cancelled.

The bank was given several chances to take specific corrective action but failed to meet the deadlines, said Stephen Katsanos, an FDIC spokesman.

The FDIC was not usurping the state banking commissioner's authority in effectively closing the bank, Mr. Katsanos said, because the bank was not technically insolvent.

"It had capital, but not enough to meet regulations. It was below 3%. We were required to begin a termination of insurance proceedings," Mr. Katsanos said.

As Tennessee commissioner of financial institutions, Mr. Adams does

not feel the FDIC usurped his authority.

"The FDIC had granted an extension and I thought it was possible it might grant another one.

"The bank's board was looking for a buyer who might inject more capital," Mr. Adams said.

However, he understands the FDIC's position and believes the agency was justified in cancelling the bank's insurance.

The FDIC was not attempting to send a message to state-chartered banks or state banking regulators, Mr. Katsanos said. The intent in this particular insurance cancellation was to protect deposits in a deteriorating bank.

"We are known to use whatever tools we have when the situation requires it," he added. ●●

## Fort Wayne National Offers Home Banking

**F**ORT Wayne National has introduced checking account software for home use by consumers and small businesses.

Dubbed "Quicken," the software was developed by Intuit, a Palo Alto, Calif. software house. Quicken also is being marketed by several other banks, including Wells Fargo, Bank of Hawaii and Manufacturers Hanover.

Quicken can be used on Apple, IBM and other personal computers. Customers can use Quicken to write checks on a check-like format on the computer screen. As checks are written, the checkbook register and balance are automatically updated. A printer then prints the checks on continuous-feed forms.

The software can track expenses by category, making it useful for tax return preparation. A "search and list" function lists all entries in a particular category for a given time period, making it useful for maintaining budget

records. When monthly bank statements arrive, the system can automatically balance the account.

Research conducted by Intuit found that an overwhelming majority of consumers perform only three home financial activities, paying bills by check, tracking expenses for taxes and budgeting and balancing monthly bank statements. Further, they found that customers want to spend as little time as possible in doing these things. "As a result," says bank president Paul E. Shaffer, "we believe that by offering Quicken, we are meeting a real customer need."

Introduced on July 30, Quicken is being received well by its narrow market, says Tom Linnemeier, senior vice president, Fort Wayne National.

"We're reasonably pleased with the sales. We realize this is not a mass-market product," he says.

Quicken is being marketed through the bank's 15 branches in the Fort

Wayne area, using direct mail and newspaper advertisements. Some of the best results came from addressing IBM and Apple home computer user groups.

The software was introduced with three goals in mind. The primary goal was to strengthen DDA levels.

"DDA accounts are a primary product. Anything that makes a DDA account more valuable to the customer is valuable to us," Mr. Linnemeier says.

A secondary goal is to attract home computer users as new customers.

Third, this operation will help Fort Wayne National prepare for the eventual acceptance of home banking.

"Home banking is somewhere down the road. By doing this, by addressing the user groups, talking to computer users, we'll get to know them. We'll be able to make a better decision," Mr. Linnemeier says. ●●

## High-Level Problem Solving

### First Bank Advisory Board Holds 15th Annual Meeting

**T**HE scheduled October 18 meeting of the renowned National Advisory Board of First Commercial Bank, Little Rock, was to be the 15th annual meeting of the group.

Brainchild of William H. Bowen, First Commercial's chairman/CEO, the National Advisory Board annually brings together top Arkansas decision makers to discuss and propose solutions to critical problems facing the nation and Arkansas. In 1983, the study topic was high-tech development. The need for venture capital was the 1984 topic.

This year the topic is the formula President Richard Nixon has proposed in his book "The Real War" for assessing the strength of a nation — "manpower + applied resources × will." Appropriately, the latest addition to the National Advisory Board is Admiral William Newell Small, commander in chief of Allied Forces Southern Europe and chief of U. S. Naval Forces Europe.

Like the other 27 prestigious members of the advisory board, Admiral Small is a native Arkansan. He was born in Little Rock and attended Mal-

vern High School.

According to Mr. Bowen, members of the advisory board represent firms with combined annual gross income of more than \$100 billion — four times the gross product for the entire state of Arkansas — and employ more than 500,000 people. Members of the committee attend the advisory board's annual meeting at their own expense; First Commercial Bank serves as host. The meeting is held in the bank's boardroom.

The advisory board has its roots in a group called "Arkansans at Large" that Mr. Bowen started when he was president of the Little Rock Chamber of Commerce. Mr. Bowen brought together 25 distinguished Arkansans who had moved away from the state to see what had happened since they'd left. The glue that held the group together was a shared love of Arkansas, a commitment to problem solving and, as it turned out — Mr. Bowen himself. When he retired as president of the Chamber of Commerce, the concept was no longer actively promoted.

When Mr. Bowen was named president of the bank, he was determined to rejuvenate the concept under the auspices of the bank. Since then, the advisory board has come to serve as a widely recognized forum for exchange-

ing information and for solving problems.

Proposed solutions from the group annually are reproduced in the bank's corporate report and quotes are picked up by other widely disseminated publications. Mr. Bowen says that the advisory board not only has a worthwhile purpose, but adds prestige to the bank. ●●

### Retail Services Consolidated By Banks of Mid-America

Banks of Mid-America has combined its entire retail activities statewide into a single organizational unit.

The new organization includes ChecOKard ATM network, credit cards, the POS program, new accounts, consumer time deposits, consumer loans, group-plan banking and other retail customer financial services. The new unit consolidates all retail functions of the HC, including facility-location analysis, consumer-product development and sales.

Appointed to direct the new division is Stephen N. Lawrence, former senior vice president/manager, retail banking division, Boatmen's National, St. Louis. Mr. Lawrence has been named a senior vice president and serves on the HC's senior credit policy committee and senior finance committee.

The move emphasizes the HC's high priority for retail banking, according to J. W. McLean, the HC's chairman. "Some of our largest customers today were among our smallest only yesterday," he said. "Based on our resources and reach in the state's two largest metropolitan areas, we believe we have a unique opportunity to provide our customers with superior retail banking services."

● Edward C. Jouljian III has been elected chairman/CEO, First Oklahoma Bancorp., and chairman, First National, Oklahoma City. Charles A. Vose Sr. has been named chairman emeritus of the HC and chairman emeritus/advisory director of the bank.

### Modular Building Comes to Bank's Rescue



When a bank loses its lease and is given 60 days to relocate, fast action is called for! That's what happened to Fourth Charter Bank, Wichita, recently. The bank called Son Corp., consultant/designer/supplier of financial buildings, Wichita, for assistance. Son installed a preconstructed modular building, including vaults, a tellers' line and all equipment, within the 60-day period and completed the foundation, curbs and parking lot within the same time frame. Most site work was completed while the building was under construction in the factory. The building was crane-set onto the foundation and the bank moved in over a weekend with no disruption of service. Fourth Charter is the successor to University State.

## Retail Banking, Consumer Lending To Be Spotlighted by KBA

**R**ETAIL BANKING as a conference topic is a fairly recent development, but one of the pioneer sponsors of such conferences, the Kansas Bankers Association, is scheduling its third annual Retail Banking and Consumer Credit Conference for November 6-7 at the Hilton Inn East, Wichita.

Topics to be explored at the meeting will include a look at bankers' competitors, especially CitiCorp, who is sending George Poland, one of its senior vice presidents, to explain why the firm is expanding rapidly in the areas of retail banking and consumer credit.

Bankers attending the conference also will be informed about actions they should be taking to insure a successful future in consumer lending. Two concurrent sessions are planned.

### 'First Citizen' Award Made by 1st of Wichita

A certified Braille transcriber and longtime volunteer with local, regional and national Braille organizations has been named 1985 recipient of the First Citizen's Award by First National, Wichita.

Von E. Eulert was the third recipient of the award that was initiated by the bank in 1983 to honor individuals whose contributions to the Wichita community make the city a better place to live.

Mrs. Eulert was nominated for the award by Steve Bauer, a sightless bank employee who edits First National's internal newsletter. She presently serves as coordinator of the Midway Kansas Chapter of the American Red Cross Braille Service, where she has been a volunteer for the past 20 years. She spends an average of 50 hours per week on Braille projects, transcribing material, much of it textbooks for school children.

Part of the award was a \$5,000 gift in behalf of the bank to the local American Red Cross Braille Service. An additional \$1,000 donation was made to the Wichita Radio Reading Service. Both awards were made in the name of Mrs. Eulert.

"This special Citizenship Day is becoming a valued tradition in Wichita," said bank Chairman C. Q. Chandler at an award luncheon. "We hope in some small way to instill the spirit of community pride and involvement throughout the citizenry."

conducted by Anne Lolley, KBA staff attorney, and Thomas V. Murray, attorney from Lawrence. Their presentations will cover compliance/regulations and collections/repossessions.

Roger Beverage, former director of banking/finance for the state of Nebraska, will speak on bank failures from the perspective of a state commis-

sioner. He is expected to provide an inside story about bank failures in the Midwest during the past two years.

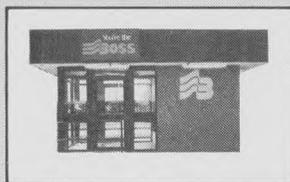
An explanation of how to make a bank consumer-credit department profitable will be given by Michael Moeb, financial-institution consultant based in Chicago. He is expected to provide bankers with the key ingredients for pricing and profitability in consumer lending.

Presentations will be made by KBA President Deryl Schuster and Harold A. Stones, the association's executive vice president.

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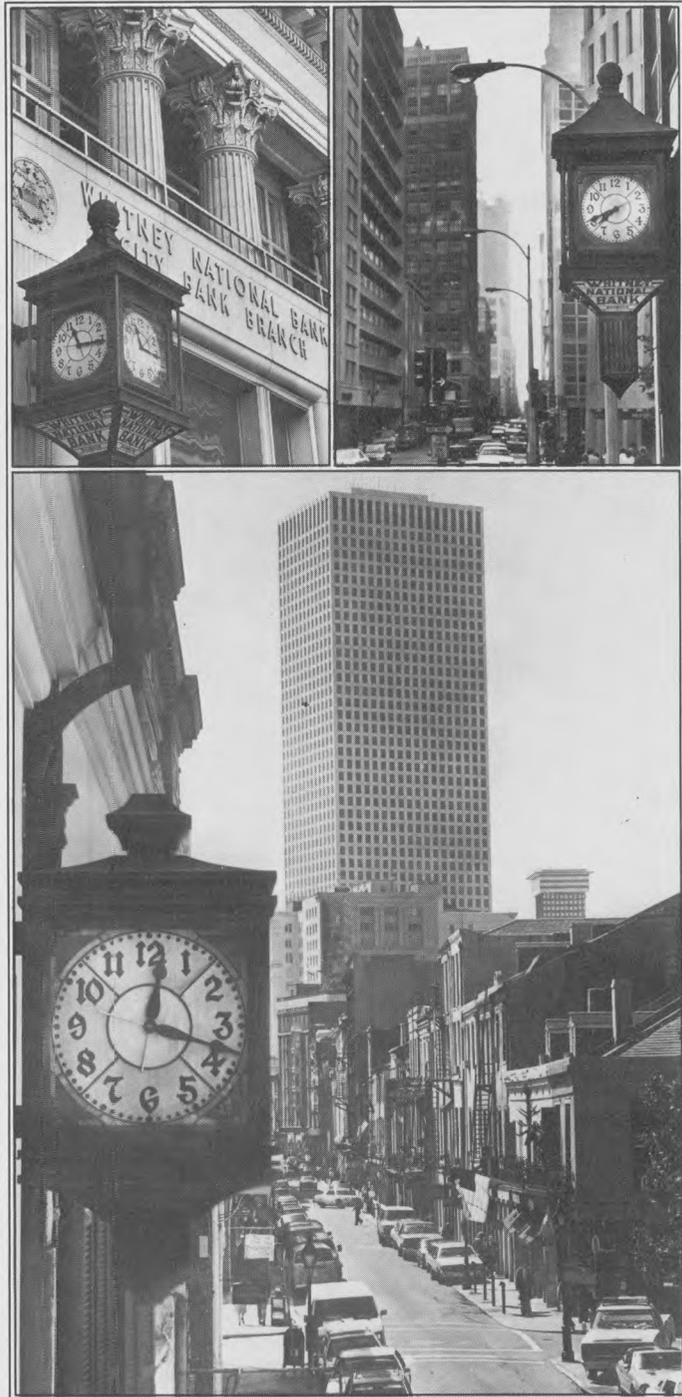
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## Coming Events

<b>Oct. 20-31:</b>	ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.	<b>Nov. 10-15:</b>	ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.
<b>Oct. 22-23:</b>	Mortgage Bankers Association Internal Management Workshop, Boston, Marriott Hotel-Copley Place.	<b>Nov. 13-15:</b>	Association of Bank Holding Companies Fall Meeting, Little Rock, Excelsior Hotel.
<b>Oct. 23-25:</b>	National Association of Real Estate Investment Trusts Annual Conference, Boston.	<b>Nov. 17-20:</b>	Bank Administration Institute Conference on Asset/Liability Management, Boston, Marriott Hotel-Copley Place.
<b>Oct. 27-30:</b>	Bank Administration Institute Money Transfer Developments Conference, New York, Marriott Marquis.	<b>Nov. 12-13:</b>	First Lease & Equipment Consulting Corp. Leasing Seminar, Louisville.
<b>Oct. 27-Nov. 1:</b>	ABA National School on Human Resources, Boulder, University of Colorado.	<b>Nov. 14-15:</b>	Robert Morris Associates Financial Futures Workshop, Chicago, Palmer House.
<b>Nov. 3-6:</b>	Robert Morris Associates Commercial Loan Documentation Workshop, Dallas, Marriott Market Center.	<b>Dec. 3-6:</b>	Bank Administration Institute ATM/8 National Convention, Nashville, Opryland Hotel.
<b>Nov. 3-6:</b>	U. S. League of Savings Institutions Annual Convention, Dallas.	<b>Dec. 8-10:</b>	National Council of Savings Institutions Management Conference, New York, Waldorf Astoria.
<b>Nov. 6-8:</b>	Dealer Bank Association Public Finance Seminar, Hot Springs, Va., The Homestead.	<b>Jan. 15-17:</b>	Mortgage Bankers Association Senior Executive Economic Outlook Conference, New York, Waldorf Astoria.
<b>Nov. 10-13:</b>	ABA National Ag Bankers Conference, Dallas, Hyatt Regency.	<b>Jan. 28-31:</b>	ABA National Insurance and Protection Conference, New Orleans, Hyatt Regency.
<b>Nov. 10-13:</b>	Bank Marketing Association Annual Convention, Honolulu, Sheraton Waikiki.	<b>Jan. 29-31:</b>	Dealer Bank Association Sales Managers Seminar, Palm Springs, Calif., Americana Canyon Hotel.
<b>Nov. 10-13:</b>	Independent Bankers Association of America Seminar on one-bank HCs, Tarpon Springs, Fla., Innisbrook.	<b>Feb. 2-5:</b>	ABA National Trust Conference, Orlando, Fla., Hyatt Regency Grand Cypress.

## Shooting Down Kites

By Dr. Lewis E. Davids  
Professor Emeritus/Finance  
Southern Illinois University  
Carbondale

An incentive has been built into our system, for both individuals with small balances and major companies, to play the float.

**T**HE "goldsmith principle" is one of the first things taught to new students of money and banking.

The ancient goldsmiths who stored gold for customers found that they could lend out to others a portion of the gold. They also found they could meet normal customer demand to redeem gold by keeping only a fraction of the gold in reserve. This concept evolved into our fractional reserve system.

While bankers have learned over time how much of their customers' cash must be kept in reserve, government regulators also have established reserve requirements, which regulators change periodically.

Similarly, bank customers keep as much of their cash as possible working as long as possible. Sometimes these efforts stray over the line from aggressive cash management to illegal check kiting.

The major brokerage firm which was caught kiting millions of dollars a day for years was only the tip of the float iceberg.

For years seminars have been taught that show individuals and firms how to take advantage of deferred-availability schedules. Let's face the fact that banks also are not without sin, either.

Readers of this column know that I have criticized for years the use of billions of dollars of daylight overdrafts by banks.

A related concern is the velocity of demand debits to deposits in all banks but particularly New York City banks. With an annual rate exceeding 1,000,

these banks are playing into a massive kiting potential.

The present high real interest rates have tempted more individuals and firms to take advantage of the difference between collected balances at banks and technical balances shown on their books.

On-line computer links between banks and corporate treasurers have helped raise these techniques to the

overdrafts and a mind-boggling velocity of demand debits to deposits.

However, it would not be too difficult to debit accounts as of the date of the drawing of the check rather than the date of the clearing. This practice is used in several countries, such as Canada, with success. It has reduced velocity and kiting. It has led to greater efficiency and security of the banking system.

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Our system allows — almost encourages — aggressive cash management and kiting. There is a solution, which has been proved in other countries.

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level of an art.

The computer has made it possible to switch hundreds of billions of dollars a day between these major banks and the Fortune 500 companies.

So far, we have avoided an electronic grid-lock, but we should not become complacent. There have been some tight incidents of computer breakdown and even fraud.

Elder banking statesman Charles Agemian used to have a sign in his office that said, "If we are doing it now the same way we did it five years ago, we are probably doing it wrong."

Let's apply this to the way banks post checks. For generations we have posted (and debited) checks as of the day they have cleared. This has built into our system, for both individuals with small balances and major companies, an incentive to play the float. It has led to kiting operations, daylight

More important, it has eliminated the use of remote-disbursement techniques, which build inefficiencies into our payment mechanism.

In addition, this should be a source of profits to banks, as it will force customers to keep higher bank balances — balances they should have maintained all along.

Naturally there will be opposition to this concept. Any customer who has benefitted from playing the float will prefer the status quo.

This technique probably will encourage the use of ACHs, because the ACH method of moving funds will become more attractive when the advantage of playing the deferred availability game is reduced.

Some customers, who for years operated with low or even negative balances, would find they need loans to ensure their checks will clear. ● ●



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