

# NORTHWESTERN Banker

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## The Road to Bank Profits in the 1970's

*Following are excerpts from an address by Allen P. Stults, president, American National Bank and Trust Company, Chicago, before the 54th annual convention of the Bank Public Relations and Marketing Association, which is currently in session in Bal Harbor, Florida. Mr. Stults is a trustee and member of the executive committee of the Foundation for Full Service Banks.*

If ever banking—Full Service Banking—needed the full spectrum of skilled marketing, the time is now! If ever skilled marketing could contribute to the profitable operation of our banks, the time is the 1970's!

Consider for one thing the need to combat the damage to our image being caused by circumstances over which we have no direct control—inflation, loan stringency, mortgage scarcity and high interest rates which are sapping the good will we have worked so hard to deserve by years of good service and good merchandising. Then, if this were not enough, consider the way that the "generation gap" is changing our public.

The 1960's have been marked by an accelerating cycle of innovation and variation both in



Allen P. Stults

bank services and methods of promotion—charge and check guarantee cards for individuals, commercial paper funds and Eurodollars for financing corporation expansion, the new dimension which the one-bank holding company is creating.

One thing we know for sure. The 70's will radically change the nature of our publics. By 1980 the nation will have added some 17 million new family units to the present 60 million. Our working population will be much younger.

But the major problem for the bank marketers will be the "generation gap." The youths now passing through our high schools and colleges are enormously different from the depression-conscious youngsters of the 1930's

who had impressed upon them indelibly the value of a dollar and fear of recession. That generation is now approaching middle age.

The post-war babies of the 1940's are now entering the family years, and in the 70's their virtually unlimited needs can only be met by massive credit service.

The children of the 1950's—now in our educational institutions—seem to be an entirely different social breed. What does it mean to banks that they are indulging in dreams of a hopefully wiser and better world and have become conscious of immense political power—a power which some day some articulate politician may mobilize to change our society?

If ever there was a challenge to our industry marketing intelligence, it lies in our confrontation with the problems of this "generation gap."

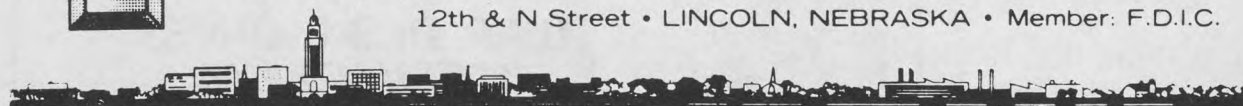
How well will we understand how best we can serve and communicate with the generations of the 1940's and 1950's who will be choosing their banks in the 1970's? Can we teach the now free-spending generation of the 1950's the virtue of saving? Will these new generations be ready

(Continued on Page 4)

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### NATIONAL NEWS

WASHINGTON, D.C.: The Federal Reserve Board has moved to close a loophole which has allowed banks to circumvent anti-inflation restrictions by obtaining money for loans from the sale of affiliates' commercial paper. The board is considering amendment of its rules to bring the proceeds of commercial paper under Regulation Q. The board has asked for comment by December 1.

### IOWA NEWS

CARROLL: Two new directors have been elected at the Carroll County State Bank. They are Robert S. Bruner, to succeed the late Carl J.

Hess, and Marvin Sernett, to succeed the late William T. Otto. Mr. Bruner is an attorney, and Mr. Sernett is president of Sernetts, Inc., variety store.

DES MOINES: Iowa Insurance Commissioner Lorne Worthington has set the following rates as reasonable charges for Credit Life and A&H as required of his department by statute:

Decreasing term credit life—single premium 65¢ per annum per \$100 of initial indebtedness.

Level term credit life—single premium \$1.20 per annum per \$100 of initial indebtedness.

Credit A&H—using a 14-day retroactive as base for disability, these rates for single premium were established: 12 month policy, \$2 per \$100; 24 month policy, \$2.70 per \$100; 36 month policy, \$3.20 per \$100; 48 month policy, \$3.60 per \$100; 60 month policy, \$4 per \$100. The 7 day retroactive rate is 110% of base; 14 day elimination rate is 90% of base; 30 day retroactive is 75% of base; 30 day elimination is approximately 50% of base.

LONE TREE: The Farmers & Merchants Savings Bank has increased its capital stock from \$45,000 to \$90,000, according to Donald M. Kout, executive vice president and cashier. The bank's new capital structure consists of \$90,000 in capital stock, \$210,000 in surplus and over \$100,000 in undivided profits and reserves. T. J. Sorden, owner of Sorden & Adams Furniture Store, Lone Tree, has been elected to the board of directors, filling the vacancy created by the death of Wm. Hotz, Sr.

## Kirk Gross Co

### BANK PLANNING

### Waterloo, Iowa

ROCK RAPIDS: Lewis Lowe, vice president and director at the Houghton State Bank, Red Oak, has been named president of the Lyon County State Bank here effective December 1. Both banks are members of Hawkeye Bancorporation of Red Oak. Mr. Lowe, who has been at the Red Oak bank for 10 years, succeeds Larry Wenzl at the Rock Rapids bank. Mr. Wenzl is taking a post with another affiliated bank. J. Neil Hammitt, who has been with Iowa Securities Company, Waterloo, will succeed Mr. Lowe at the Houghton State Bank.

### NEBRASKA NEWS

CAMPBELL: Carey E. Dealey, formerly assistant cashier, Commercial Bank, Blue Hill, has been named cashier of the Campbell State Bank.

CLEARWATER: The Citizens State Bank here has been sold by Eldon Freudenburg to John J. Grasmick and James Tonniges, both of Gresham. No personnel changes have been announced at the bank.

FALLS CITY: The FDIC has approved the application of the Richardson County Bank & Trust Company here to exercise limited trust powers.

OMAHA: The Center Bank recently suspended operations temporarily as a three-alarm fire closed the entire building the bank shares with 30 other retail businesses and 25 private offices. All banking was transferred to the bank's drive-in facility.

### MINNESOTA NEWS

BROOKLYN CENTER: Neil J. Polaski has been named assistant vice president at the Brooklyn Center State Bank. He has been with the bank since 1967, serving most recently as assistant cashier. Frank

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Ketchmark has been added to the bank's staff as a loan representative.

MINNEAPOLIS: Frank S. Powell has been named president and chief executive officer of Northwest Computer Services, Inc., a wholly owned subsidiary of Northwest Bancorporation. He has been associated with data processing for nearly 20 years and comes to the firm after serving as manager of the administrative department of Richfield division of Atlantic-Richfield Company, Los Angeles, Calif.

ST. PAUL: Barton W. Galle has been promoted from assistant vice president to vice president and manager of the installment banking department. He has been with the bank since 1938 and had been serving as assistant vice president since 1965.

## ILLINOIS NEWS

CHICAGO: James B. Watt, former executive manager of the Bank Public Relations and Marketing Association, has joined the staff of the Beverly Bank here as vice president of the marketing division and has been named to the bank's management committee.

FAIRVIEW HEIGHTS: Application for consent to exercise full trust powers has been approved by the FDIC for the Lincoln Trail State Bank.

LANSING: Gilbert J. Rynberk, Jr., president of the First National Bank, has announced the election of Collins M. Gilbert as assistant vice president in charge of the bank's installment loan division. He most

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recently has been employed in the installment loan division of the Mercantile National Bank of Chicago.

## SOUTH DAKOTA NEWS

The South Dakota Bankers Association Bank Management Conference will be held this Wednesday, November 5, at the Ramada Inn in Sioux Falls. Registration will begin at 8 a.m., with the meeting called to order by Neal Jacobson, chairman of the SDBA Bank Management Committee, at 9 a.m. This year's program features nine impressive speakers, as well as a panel discussion. A social hour will be held at 5:30 p.m., with the banquet following at 6:30 p.m. J. Lewis Powell, a management consultant from Alexandria, Va., will be this year's banquet speaker.

SIOUX FALLS: Sherwood L. Corner and Gilbert D. Moyle, both of Rapid City, have been elected to the board of directors of the National Bank of South Dakota. Mr. Corner is owner of the Corner Construction Company in Rapid City, and Mr. Moyle is founder and owner of Moyle Petroleum Company and Moyle Investment Company, Rapid City.

## COLORADO NEWS

DENVER: Kenneth W. Caughey has been named senior vice president and trust officer at the Colorado National Bank. He also has been elected to the bank's board of directors. Mr. Caughey joined the bank in 1955 and has been serving as vice president and trust officer in the personal trust division since 1962. D. Dale Browning, assistant vice president and manager of the BankAmericard Center, and Alan A. Jones, assistant vice president, installment loan department, have been named vice presidents.

DENVER: Two new board members have been named at the Central Bank & Trust Company. They are Bal Swan, president of Empire Savings & Loan Association and Harry A. Trueblood, Jr., chairman of the board of Consolidated Oil and Gas, Inc., of Denver.

## MONTANA NEWS

BILLINGS: The 1969 Midland Empire Economic Conference for Young Adults, co-sponsored by the Midland National Bank here and Alpha Psi Kappa, honorary business fraternity, will be held November 8 on the Eastern Montana College campus. Speakers for this year's conference include Hugh Galusha, president of the Federal Reserve Bank of Minneapolis. Approximately 200 high school and college students from southern Montana and northern Wyoming are expected to attend. Bankers in the 40 participating communities assist in selection of students to attend the conference.

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Underpricing can cut into profits. Overpricing can cut into volume.

It has been stressed for years that marketing activity must have the support of top management and that the arts and science of marketing must have recognition as an essential executive function as vital to the bank as any other activity.

In the smaller banks, the marketing man must be his own "generalist," with the help of such aids as he can obtain from his advertising agency and perhaps also from the psychological and marketing departments of local colleges or universities.

The Full Service Bank with its full range of services must constantly research and ferret out the needs of its customer potentials and translate them into services which can be pleasantly rendered and pleasurable to enjoy. Perhaps a most promising area of development for retail services is in the family counseling activity. Certainly the 17 million new families of the 1970's will include many who need such assistance in their financial affairs. Here indeed we can introduce the generations of the 1940's and the 1950's to the full spectrum of banking service once we have made them conscious of their need for the experience of the banker and the value of a bank connection—a checking account and a savings account.

The Full Service Bank's 1970 problem is far different from anything we have ever known before. Our high road to profits is steeper and rougher.

Now we have to research and analyze the depth of disfavor in which the circumstances of inflation, loan stringency and high interest rates have cast us.

We have to really "dig" the new

generation to find clues for their thinking about banks and banking services.

Then, based on careful consideration of all the responses we can evoke, we need to blend into our efforts to build business and good will for our individual banks a strategy to win better understanding of the entire banking business—an understanding that banks have not changed in their objective of helping people keep their money safe, handle it wisely and enjoy the satisfaction this gives a person.

Most of all, we need to reassure the oncoming generation that doing business with a Full Service Bank is always a person-to-person matter in which each customer is as important to us as he is to himself.

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