

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Banking's 50th Year

July, 1957



50 Years BMS (Before Market Surveys)

See pages 5 & 34

fatherless but not homeless

... thanks to
a farsighted bank!

What a relief that foreclosure wasn't necessary. What satisfaction to know that you saved a home for a fatherless child.

And what a great forward step in community relations.

Federal's Mortgage Life Insurance is solving these difficult problems every day for more and more banks. *Customers* like

Federal's Mortgage Insurance because of its complete protection at low cost—just a few cents per day added to their monthly mortgage payment.

Banks like the Federal Plan because it is so simple, so flexible. It was designed by bankers for bankers from almost 50 years of experience in the personal protection field.

... Why not make the Federal Plan available to your customers. *Write Today For Complete Information and Portfolio on Both Federal's Mortgage Plan and Credit Life and Disability Program.*

Complete Credit Life & Disability Plans Also Available for Your Installment Loan Department.

Federal Offers You:

A Custom Designed Plan based on a careful study of your operations.

Proven Customer Appeal.
Simplified Streamlined Procedure.

Complete Flexibility including Health and Accident coverage.

Prompt Service.

All Promotional Tools.

HIGHEST RATING

See Best's and Dunne's for reasons why Federal enjoys their unqualified recommendation.



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LIFE and CASUALTY COMPANY

**PERSONAL PROTECTION
SINCE 1906**

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President

HAROLD L. BUCK
Vice President and Manager
Credit Insurance Division

WOLVERINE FEDERAL TOWER • BATTLE CREEK, MICHIGAN • SERVICE OFFICES FROM COAST TO COAST



WALTER H. BRATTAIN. One of three winners of the 1956 Nobel Prize in Physics for investigations on semiconductors and the invention of the Transistor, the tiny device which has created a new electronic era in communications.



H. F. DODGE. Awarded Shewhart Medal by American Society for Quality Control, for original contributions to the art of statistical quality control—used by Western Electric in making millions of items of telephone equipment.



H. T. FRIIS. Awarded Medal of Honor, Institute of Radio Engineers and Valdemar Poulsen Gold Medal, Danish Academy of Technical Sciences for important work in application of short and ultrashort radio waves.



AXEL G. JENSEN. David Sarnoff Gold Medal, Society of Motion Picture and Television Engineers, for technical contributions to television; Hagemann Gold Medal for Industrial Research, Royal Technical College, Copenhagen.



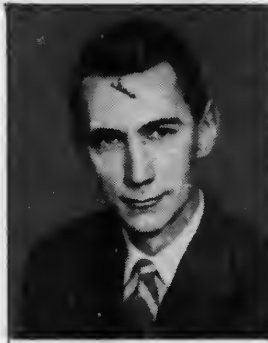
R. KOMPFNER. Awarded Dudell Medal by the Physical Society of England for his original work on the traveling wave tube. This new amplifier makes it possible for long distance microwave highways to carry more telephone conversations and TV programs simultaneously.



WARREN A. MARRISON. Awarded the Tompion Gold Medal, Worshipful Company of Clockmakers of the City of London, for pioneer work on quartz crystal oscillators as precision standards of time. This control of electrical vibrations is used to send many voices over the same telephone line.



W. G. PFANN. Awarded the Mathewson Gold Medal by the American Institute of Mining and Metallurgical Engineers for discovery of and pioneering research in zone melting. This provides the extraordinary purity of silicon and germanium needed in the manufacture of transistors.



CLAUDE E. SHANNON. Awarded the Stuart Ballantine Medal by the Franklin Institute for contributions to a comprehensive theory of communication. This greatly illuminates our understanding of how communications systems handle information. It points to new ways to improve service.

Partners and Pioneers in Progress

On this page are some of the Bell Telephone Laboratories scientists and engineers who have been honored recently for outstanding achievement in the sciences that bear on telephony.

We are proud of this fine recognition of their work and the contributions of the many other engineers and scientists who are helping to make telephone dreams come true.

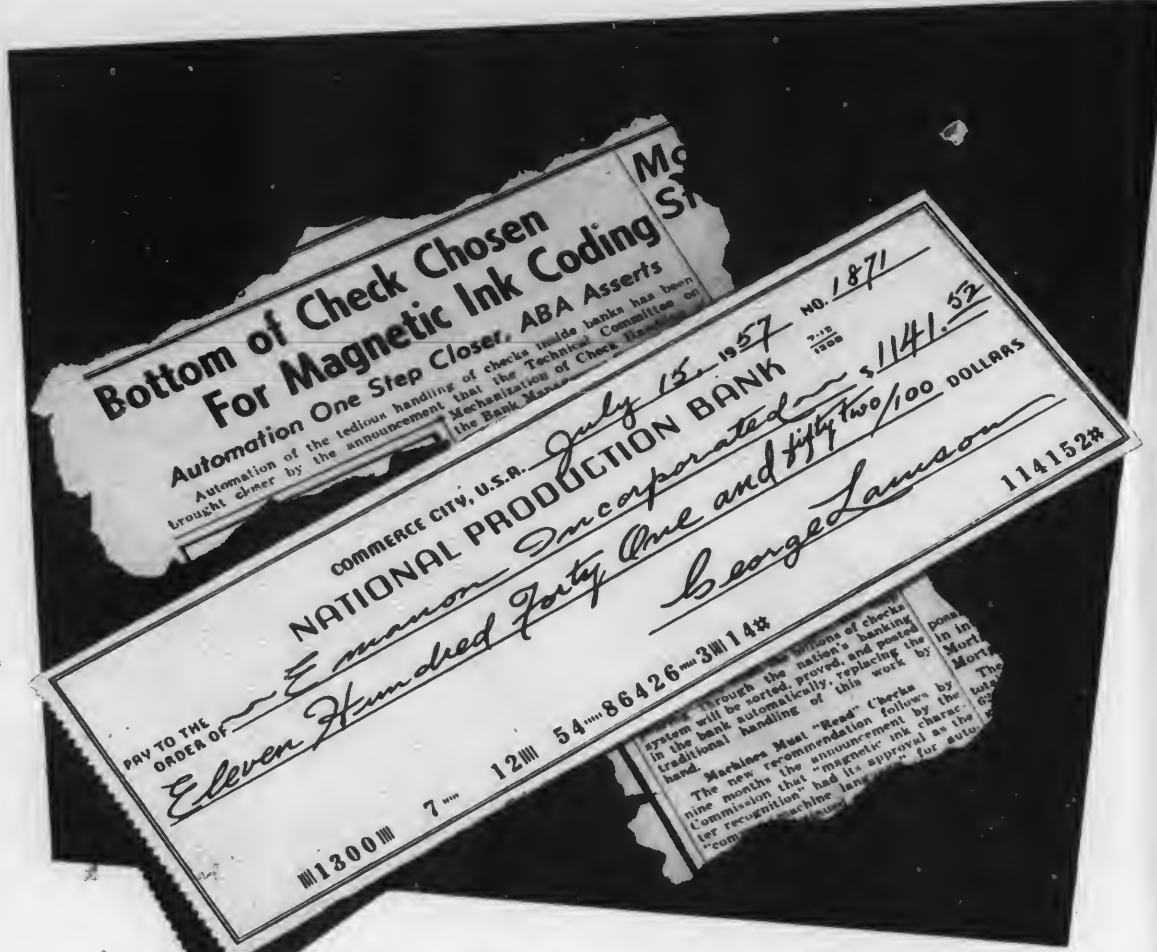
For always there have been dreams and high hopes in the telephone business. Growth begets growth. Research reveals new vistas. The words of thirty years ago are even more true today. "The future of the telephone holds forth the promise of a service growing always greater and better and of a progress the end of which no one can foresee."

A considerable part of that prophecy has been fulfilled. But great as the progress has been, there is still greater progress to come.

Never have there been so many opportunities for wholly new developments in telephone service and so much well-rounded research to put behind them. All that has been done is just the beginning.

Working together to bring people together . . . BELL TELEPHONE SYSTEM





FOR FUTURE SAFETY ...as always

In the approaching automation era many innovations will be recognized . . . and still banks will want to provide customers with checks that combine both safety and efficiency.

The "Checks of Tomorrow" produced on La Monte Safety Paper will afford all the protection and safety they have for past generations . . . for a check on La Monte Safety Paper represents money in its safest, most efficient form.

GEORGE LA MONTE & SON
NUTLEY 10, NEW JERSEY

La Monte



THE WAVY LINES © ARE
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**SAFETY PAPER
FOR CHECKS**

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Just a Minute

BANKING'S Volume 50

WITH the present issue this magazine enters Vol. L. So important a milestone as the commencement of a 50th year calls for celebrating, and we plan to do some during the coming 12-month, although in a rather quiet, unhistorical manner.

We shall not overload you, for instance, with the scrapbook sort of items, but plan to emphasize forward-looking material. A magazine, like a bank, can never stop growing—and you don't grow by looking backward.

However, we couldn't resist the temptation to dig out old Vol. 1 No. 1 for a look at what was inter-

esting the banking world in that day; and we publish this month its table of contents—just for old time's sake.

"College Men"

CONTINUING our reports on personnel recruitment and executive development, we publish this month an account of the "College Day" program developed by the Association of Reserve City Bankers as a recruitment tool.

"College Day at the Banks" (page 48) outlines the project, and "The Campus Comes to the Bank" (page 51) highlights the program as it was



"Great worker, that Wilson! The more you pile on him, the calmer he becomes"

carried out in nearly a score of American cities.

The purpose of "College Day" is to tell deans, professors, and placement officers about today's career opportunities in banking, so that



THIS MONTH'S COVER

Half a century ago, Before Market Surveys and just before the first issue of **BANKING** was printed, the Fifth Avenue Bank in New York had already realized the importance of its women customers and had set aside a row of tellers' windows for their use, which is where the ladies on our cover are shown transacting their banking business. Our pointing this out is not intended to detract from the importance of market surveys, which often turn up valuable facts. It just shows how some people are always ahead of the times. Incidentally, The Bank of New York, into which the Fifth Avenue Bank was merged not so long ago, has just opened a new office on the site of the building where this picture was made

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

The Staff

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GOING?

83rd Annual
Convention
**AMERICAN
BANKERS'
ASSOCIATION**

Atlantic City, N. J.
(via New York, Newark
or Philadelphia)
September 22-25

FLY THERE

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they, in turn, can relay the information to the students. As a matter of fact, the program is working both ways—the campus people have passed along some excellent suggestions to the bankers.

Small Banks Should Recruit, Too

THE increased activity of large banks in recruiting college men and women makes it the more necessary that small banks recruit more actively, says Joseph C. Welman, vice-president of the American Bankers Association.

Mr. Welman, president of the Bank of Kennett, Kennett, Mo., told the Michigan Bankers Association that if management positions can be made "more attractive and less burdensome," banks will accomplish "the dual purpose of freeing and expanding the working, thinking, and planning capacity of present management, and at the same time make these banking jobs more attractive and more sought after by young high school and college men and women, and to people in other walks of life."

Management Succession in Banks

THE 1957 report of the Bank Management Commission, Kansas Bankers Association, comments on the problems of management succession and ownership.

Noting that a survey had disclosed that retirements would require 550 additional officers in Kansas banks by 1965, and that 550 more would be needed to administer the increased banking services and business, the report continues:

"It would thus appear that for every three officers employed in our Kansas banks today, we must employ two men additional between now and 1965 merely to keep our bank staffs at the level needed to handle present business and the anticipated increase of approximately 32% in volume!

"Banking cannot expect other industries to train our employees. Good bankers are developed and trained inside banks."

Calling attention to the KBA's "summer practice banking" program, the Commission urges banks to employ college students during the vacation period to acquaint them with and interest them in the business. Another way to develop management material, says the report, is to employ the state's college graduates.

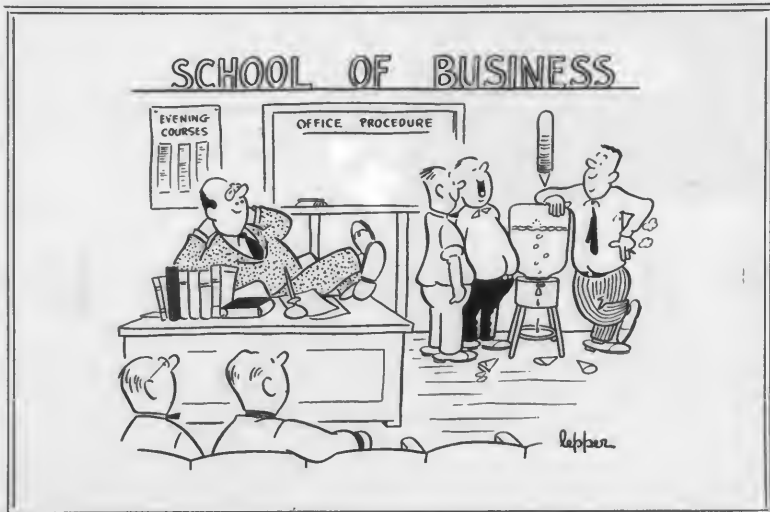
"Banking certainly needs the bright young men graduated from our colleges. If we are to get them in the banking system, we must offer higher wages than we have considered in the past. People are no longer willing to make a sacrifice to enter the banking business as they did years ago, and since we are in a serious need, we must face the responsibility and pay the going rate."

Country Bank Ownership

ON the question of bank ownership, the KBA commission says:

"Because of income taxes and the large capital investment necessary in banks presently, there is a trend away from family domination and control of country banks.

(CONTINUED ON PAGE 11)



1947 Farmall H
\$1,844.50. Belt Hp. 27.9.
Pounds Pulled 3,603.



1957 Farmall 230
\$1815.00. Belt Hp. 28.
Pounds Pulled 3,650.



GILT-EDGE SECURITY... **IH** STYLE!

Here's one thing that costs less today than it did 10 years ago!

International Harvester's 1957 two-plow tractor, the Farmall 230, shown above, sells for \$1,815.00, f.o.b. the factory. In 1947, ten years ago, a comparable IH two-plow tractor sold for \$1,844.50. So, the American farmer today pays \$29.50 *less* for a better, more versatile, and more powerful IH tractor than 10 years ago!

In these days of high and increasing prices, this is news. And it's downright refreshing news, too. Here is an example of what International Harvester has done to provide farmers with better profit-making equipment for their money.

International Harvester products such as this new Farmall 230 actually pay for themselves in use. We have said this over and over again. And we can prove it.

Today, the American farmer, because of better farming methods and better equipment, is an excellent credit risk. So we believe that the financing of profit-producing farm equipment is good business.



INTERNATIONAL **IH** HARVESTER

4 ways faster



FASTER FORM HANDLING. Watch this! With one hand you simply whisk the statement from tray to carriage and slip it into the self-aligning form guides. Just like that, you're set for the next entry—all posting completely visible. All finished? Click! The carriage automatically pops open and "hands" the statement back to you! Neat as a pin, and just as complete as you please—right down to a check count.



FASTER INDEXING. A feather touch—down go the keys! Touch a motor bar—there's your figure, quick as electricity. And you just keep right on indexing away as fast as you can. No stopping for machine computation. No waiting as the carriage automatically moves from column to column, prints each figure exactly where it belongs. It's easier, lots quicker than typing . . . beginners quickly become experts.

with Burroughs Sensimatic B



Commercial Account Posting



the quick exclusive design assigns a single major function to each motor bar. Look here: You have one plainly marked for "checks." Another for "deposits." Another for "balances." Balances are obtained automatically—the balance bar is depressed as the amount of last entry is listed. This saves one bar depression per line of posting. Just think of the posting time this alone saves.

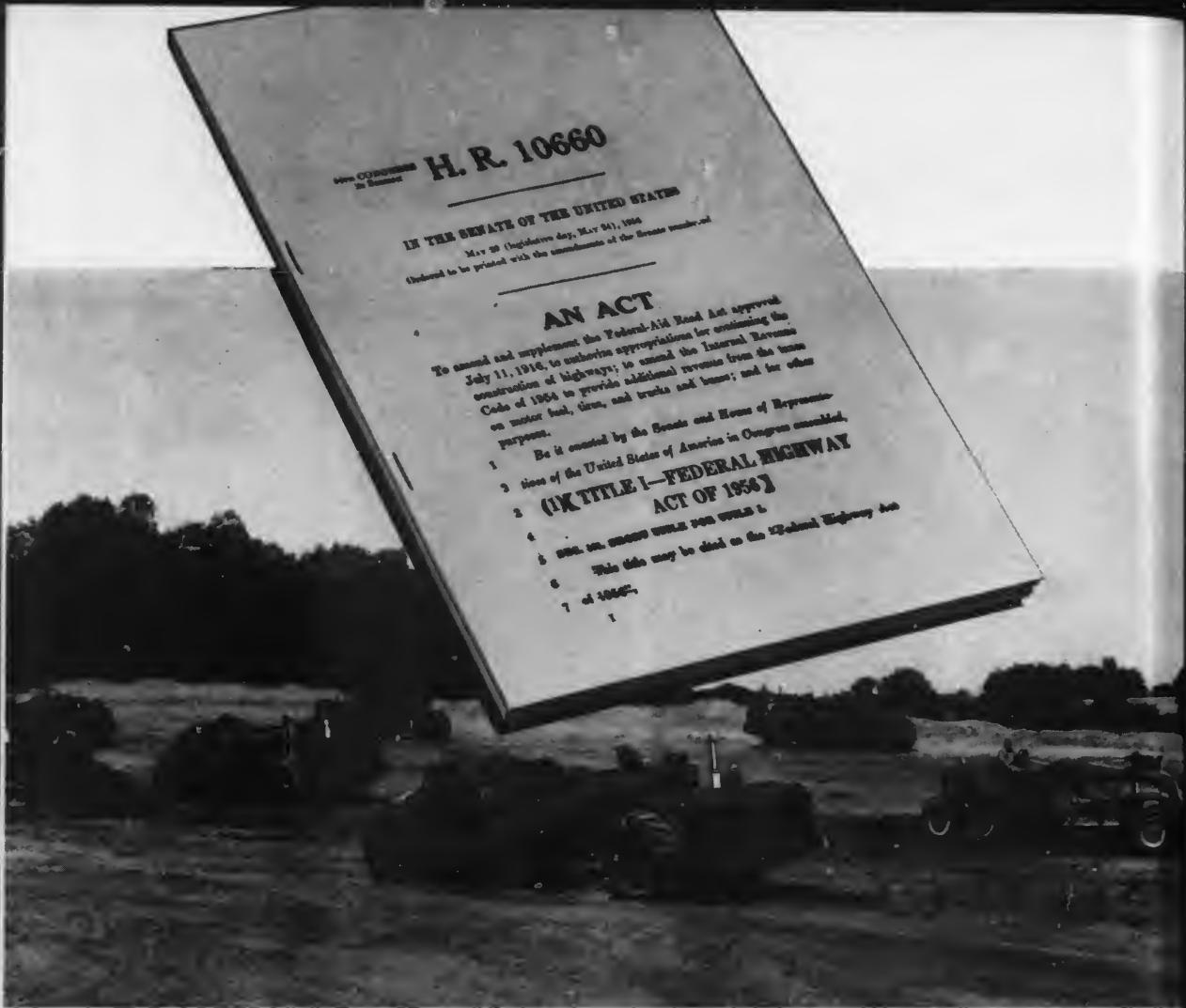
FASTER AUTOMATIC CARRIAGE MOVEMENTS. Inside the Sensimatic is this exclusive control panel. A "mechanical brain," it tells the carriage to automatically complete the posting in one column, then it moves to the next. It signals the carriage to open and serve you the finished statement, or to lock and warn you of an overdraft. It leaves nothing to chance. A Sensimatic does it all faster, automatically.

Bank Bookkeeping Machine



Look what else you get: automatic check count, automatic register totaling, date lock, list-posting tape, activity counter—the works! Demonstration? Phone our nearby branch. Burroughs Corporation, Detroit 32, Mich.

"BURROUGHS" AND "SENSIMATIC" ARE TRADEMARKS



What's ahead for users of Allis-Chalmers Construction Machinery?

... a share of the biggest federal-state highway program in history . . . an estimated expenditure of \$100 billion in the next 13 years! This program alone will call into service an estimated \$1,350,000,000 worth of new earth-moving and road-building equipment by 1960. In addition, the need for new schools, shopping centers, factories and other construction continues. It all spells progress . . . and it all starts with earth moving.

And what does Allis-Chalmers earth-moving equipment offer owners? It offers—and will continue to offer—the latest in advanced performance features that enable contractors to bid competitively and work profitably. It offers the kind of sound engineering that assures a sound investment for the contractor and for his banker. Allis-Chalmers, Construction Machinery Division, Milwaukee 1, Wisconsin.

ALLIS-CHALMERS

Engineering in Action

(CONTINUED FROM PAGE 6)

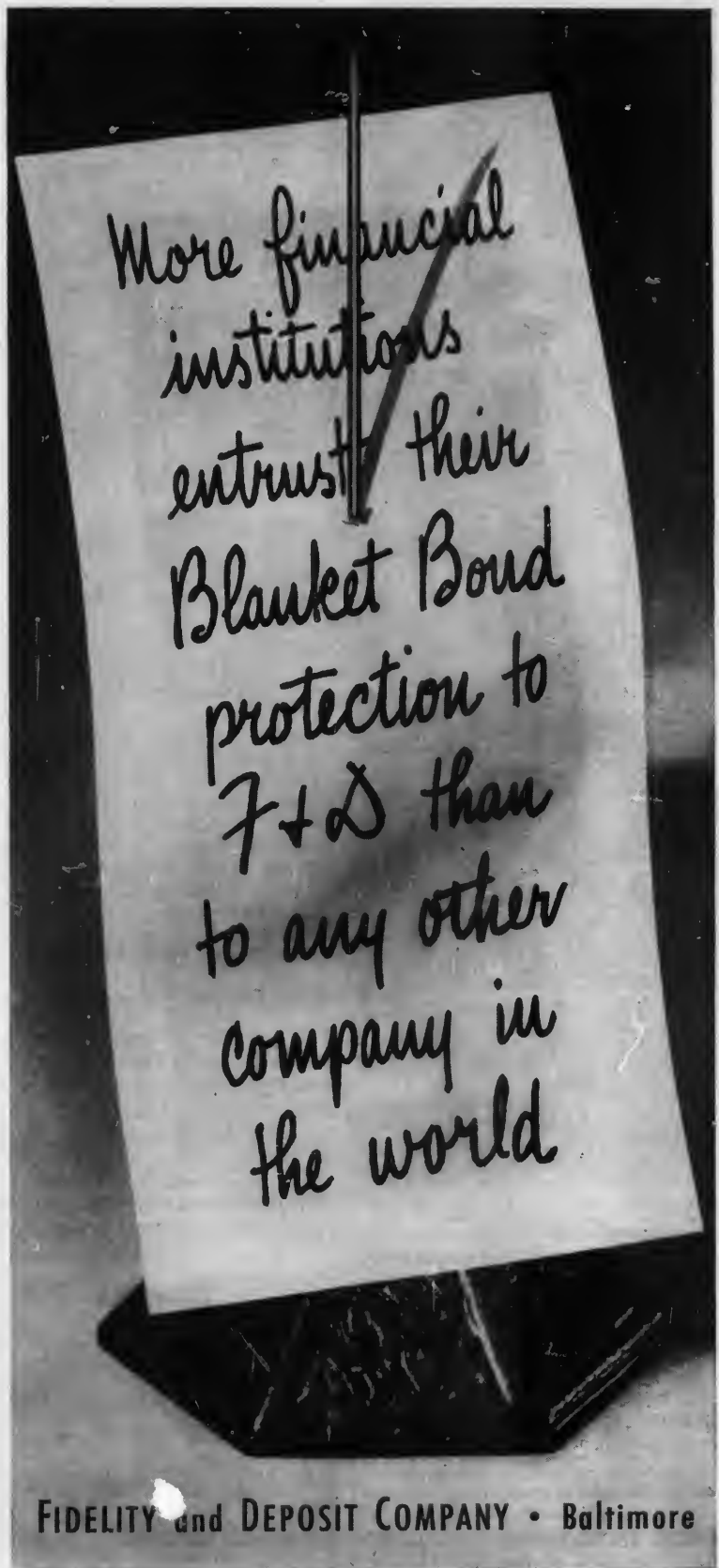
"Due to this, some additional consideration must be given to the men who will operate our banks rather than own them. It is entirely probable that, in the foreseeable future, many banks now owned by an individual or family will be owned by a group of people in the community, and some of the capable young people from our colleges will be heads of those institutions. Not only must we give consideration to the problem of management succession, but we must also give some consideration to the future ownership of our banks."

Mind You, No Boneboiling, Hogskinning, or Tripeselling

WHEN The Hanover Bank of New York took on a new office at 10 Mount Street in London's West End, it signed a lease that rather limited the branch's activities. In addition to the usual tenants' covenants, the document says:

"The lessee will not . . . place or set up . . . and forge nor use . . . the premises . . . as a place of public entertainment, nor carry on . . . any or either of the trades or businesses following: those of a butcher, porkbutcher, fishmonger, slaughterer, knacker, horse-maker, hogskinner, catgut-spinner, cartgrease or varnish maker, melter of

A vivid reminder of the old home town is this engraved glass screen in the new branch office of The Hanover Bank, located in London's West End. The New York skyline likeness separates the banking hall from the reception space. The screen was designed by Laurence Whistler



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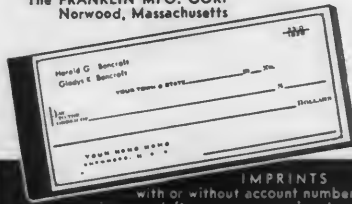


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Ideas . . . in Fun

IN lighter vein at the Pennsylvania Bankers Association convention, Atlantic City, was *The Broad Street Journal*, a 4-page newspaper "published, all in fun," by Girard Trust Corn Exchange Bank of Philadelphia. Here are a couple of "interviews" with visiting bankers on the effect of higher interest rates:

"Easton—When interest rates on savings accounts went up, we had to do something to improve our income, so we installed a hamburger grill in the president's office. We charge 50 cents for a hamburger and 25 cents for a hot dog, and this is helping our earnings considerably. The only trouble is the customers keep spilling mustard and catsup all over the deposit slips. Every once in a while a customer tries to put the bite on our loan officers."

"Scranton—At our bank we increased savings interest 1½ to 2%. This has not yet brought in any new business, but it has made our old customers very happy. Meanwhile, we have installed a row of laundromats just in back of the tellers' windows. We charge our customers 50 cents, and we do the family wash for them while they are making a deposit in their savings account. By arranging matters this way we are hoping to break even—provided there is no increase in the cost of soap."

"Bethlehem—We used to pay 1% interest on our savings accounts, and we were losing customers at the rate of about 100 a month. Since we began paying 2% interest, we are losing only 75 customers a month. It has been a fine thing for the bank."

tallow, soapboiler, melter of fat, tripe-boiler, tripe-seller, sausagemaker, sugar-baker, fellmonger, dyer, scourer, ale-house-keeper, beerhouse-keeper, tavern-keeper, licensed victualer, gambling or betting-house keeper, brass or iron-founder, blacksmith, whitesmith, coppersmith, working-brazier, pewterer, tin or ironplate-worker, packing-case-maker, undertaker, coffin-maker, glass-maker, farrier, goldbeater, beater of flax, hemp or feathers; beater of carpets, boneboiler, corkburner, chimney-sweeper, dealer in soot, dealer in second-hand clothes, boots or shoes; dealer in old iron or marine stores."

In the actual lease there is no punctuation in the list of trades.

About Capital

THE Chamber of Commerce of the United States is sponsoring a new animated color film, "The Story of Creative Capital." It explains what capitalism is, what capital is, where it's produced, what it does.

The characters are Al the Elf who puts people to sleep for 20 years, and Rick Van Winkle who

wants to be a capitalist. In a light, humorous way, they explain the American business system.

Produced in cooperation with E. I. duPont de Nemours and Co., the film may be used by high school, college and adult education classes, employee, religious and farm groups, labor unions, clubs, etc.

Prints and information are obtainable from the Audio-Visual Services Department of the Chamber, 1615 H St., N.W., Washington 6, D. C.

"Make a Friend"

THE Office of Private Cooperation, U. S. Information Service, Washington, has a new little folder, "Make A Friend This Trip . . . For Yourself, for Your Business, for Your Country." It's intended for overseas travelers.

The folder points out that the traveling American is America to the people he meets abroad, and it emphasizes the importance of creating a true picture of this country. A poster carrying a similar message is also available.

Banks selling travelers checks may want to distribute the leaflet and display the poster.

How Five Savings Banks Helped 424 Families

TEN years ago five mutual savings banks in Worcester, Mass., united the master builders, architects, suppliers, city officials and the chamber



From "The Story of Creative Capital"

(CONTINUED ON PAGE 14)

Johnny on the spot



at the Mid-America crossroads of the money world

This is La Salle Street, Chicago! An important crossroad in the money world. Every tick of the clock is vital here. Every hour brings changes which affect in some way our economic situation.

An on-the-spot authority can be a real asset to any bank at this important crossroad. Perhaps you could use the help of a City National correspondent officer to guide your transactions in the Middle West.

Every correspondent bank account at City National is served by an officer of the

bank . . . with full ability, authority and power to act for his customer.

Investment advice, safekeeping, credit information—all these and many other services are available to City National's correspondents. But, the most important of all is the personal attention given by our correspondent bank account executives.

We would like to do business with you. Why not contact us if you feel the need for closer cooperation as well as a valuable associate in Chicago.

CITY NATIONAL BANK

AND TRUST COMPANY OF CHICAGO

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OF DISTINCTION



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(CONTINUED FROM PAGE 12)

of commerce in a cooperative effort to provide veterans' housing by private financing. They formed the St. Nicholas Trust, named after the district where 72 duplex houses were built at a cost of \$1,080,000.

One spring evening in 1957—its 10th anniversary—the Trust dissolved, and gave to the city a check for \$123,237.43, representing the excess of income over expense of the non-profit enterprise. The trust had accomplished its purpose, for in accordance with the original plan all the houses had been sold.

The banks—Bay State Savings, People's Savings, Worcester County Institution for Savings, Worcester Five Cents Savings, and Worcester Mechanics Savings—made possible housing for 424 families at the least possible expense to the taxpayers. Sharing proportionately in the financing, each bank appointed an officer in charge of collecting rents and servicing the properties on which it held mortgages. All mortgages were FHA-insured on a 25-year amortization basis.

The original plan was for sale of the houses after five years, but the tornado of June 9, 1953, did heavy damage, and the necessary reconstruction forced postponement of the first sale until February, 1954.

Satisfied Customer

ON the reverse side of the deposit ticket used by The Green Point



“Before you open our bank statement take this tranquilizing pill”

Savings Bank, Brooklyn, N. Y., is a space headed “Remarks.” It’s used by the tellers for notations about transactions.

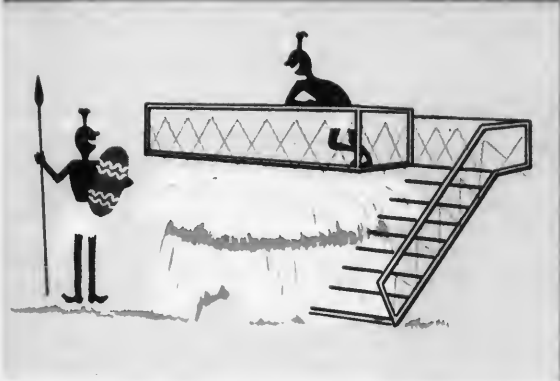
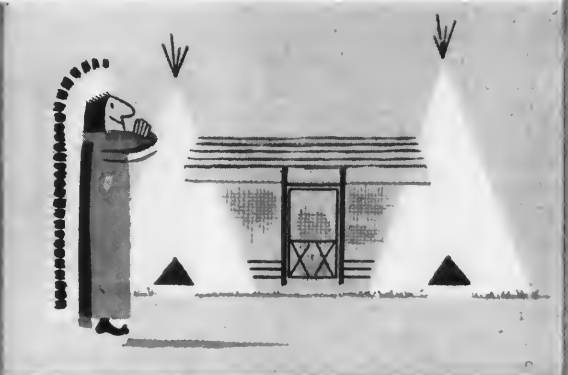
The other day a 10-year-old girl handed Teller Margaret Mateer a deposit of \$1. Turning over the ticket Miss Mateer read, in a firm young handwriting in the “remarks” column: “I have no remarks.”

Everything comes to him who waits—if he works while he waits.

Here's the Columbia University Teachers College Concert Choir singing in the lobby of The Manhattan Savings Bank, New York City. There's a story about the bank's Spring Music Festival on page 73



Any way you look at it . . .
it's a home improvement . . .



Any way you look at insurance
Old Republic has the answer

You know that the more complete the service offered, the more easily you satisfy customers . . . and interest new ones. And you can appreciate how much you will benefit from having a single source for *all* home improvement coverages.

Old Republic has them all—credit life, accident and sickness coverages. The Old Republic companies provide the most complete specialized insurance market for financial institutions engaged in diversified instalment credit.

PHONE, WIRE OR WRITE US
TO GET THE MOST OUT OF YOUR HOME IMPROVEMENT LOANS

Old Republic
Life Insurance Company
Chicago 1, Illinois



Old Republic
Insurance Company
Greensburg, Pennsylvania

This department is compiled by
THEODORE FISCHER of BANKING'S
staff.

150th Birthday

THE FARMERS BANK OF THE STATE OF DELAWARE has passed its 150th birthday. Founded in 1807, it is just 20 years younger than the Government of the United States. When the bank was very young, the Delaware Assembly authorized the State of Delaware to purchase a block of the bank's capital stock. The state not only retained ownership of the stock, but subsequently increased its holdings.

Approval has been given for the establishment of the FIRST NATIONAL BANK of Hoyt Lakes, Minn. It will serve an entirely new community created by Erie Mining Company's taconite operation, and its population is expected to reach 5,000 by the end of 1958. JOSEPH R. PELLIKKA, cashier of Stock Yards National Bank of South St. Paul, is to become president and managing officer.

BERKS COUNTY TRUST COMPANY, Reading, Pa., has opened a walk-up window. First customer was Shorty Long, star of the Broadway musical "Most Happy Fella."

HARTFORD (Conn.) NATIONAL BANK AND TRUST COMPANY will open a trust department in its new West Hartford Center office. The building, now under construction, is scheduled to open in September. In charge will be HENRY E. MCCONE,

Officials of Fidelity Trust Company, Pittsburgh, are hosts at luncheon to the Navy's "Blue Angels," jet precision flying team. Bank aided the local appearance of the team as a promotion for its television show, "Men of Annapolis."



Heard Along



Joseph E. Hughes



Wm. L. Butcher



R. L. Edwards



J. P. Winchester

vice-president and trust officer. With him will be assistant trust officers ALICE G. CONWAY and JOHN H. STEARNS.

County Trust Changes

JOSEPH E. HUGHES has been named chairman of the board of The County Trust Company, White Plains, N. Y. DR. HUGHES succeeds ANDREW WILSON, resigned, who plans to open an office in midtown New York in September where he will be available for consultation on financial and business matters. WILLIAM L. BUTCHER was named president.

At the same time, WILLIAM W. POST and JOHN A. KLEY were named executive vice-presidents, and R. A. MIECZKOWSKI was elected secretary in addition to his present position as treasurer.

ROBERT L. EDWARDS has been appointed a vice-president in the foreign department at The Bank of New York.

JAMES P. WINCHESTER was elected executive vice-president of the Norfolk County Trust Company, Brookline, Mass. MR. WINCHESTER is a member of the Instalment Credit Commission of the American Bankers Association and is an alumnus of The Graduate School of Banking.

MELLON NATIONAL BANK AND TRUST COMPANY, Pittsburgh, is to have a new office in Squirrel Hill, Pa., which is to include a drive-in window. Opening is scheduled for August.

Award for Beauty

IN keeping with the redevelopment and beautifying of the center of Philadelphia, FIDELITY-PHILADELPHIA TRUST COMPANY planted eight 15-foot dogwood trees on Broad Street in front of the bank building.

The city of Philadelphia's Clean Up—Paint Up—Fix Up Committee, Richardson C. Dilworth, Mayor of Philadelphia, honorary chairman, in a public ceremony presented HOWARD C. PETERSEN, president of the bank, with a citation of merit.

JOHN D. BUTT, president of the Seamen's Bank for Savings, New York, and RODERICK MCRAE, executive vice-president of the Bank of New York, were elected president and treasurer, respectively, of the American Foundation for Allergic Diseases.

Main Street



G. C. Barrett



Geo. J. Bender

GILBERT C. BARRETT was elected chairman of the board of The Brooklyn (N. Y.) Savings Bank, and is succeeded as president by GEORGE J. BENDER.

PETER HUNKIN has been named assistant general manager-personnel of The Canadian Bank of Commerce, Toronto. He is succeeded as chief inspector by R. D. ISAAC. G. A. MARK, who has been an inspector at the bank's head office, has been transferred to the British Columbia Regional Office at Vancouver, as assistant superintendent.

The BANK OF ASHEVILLE, N. C., has opened a new drive-in branch in West Asheville. It has plenty of parking spaces, too, 1,200 of them, in the adjacent shopping center. The branch has a night depository and a special "24-hour teller" which enables customers to make deposits or payments at any time during the day or night.

ROBERT A. BACHLE, vice-president of Mercantile National Bank of Chicago, is new president of the Chicago Financial Advertisers. Vice-president is STANLEY M. HOGSHEAD, assistant vice-president of City National Bank and Trust Company; RANDALL E. MAY, Chicago *Sun-Times*, secretary; ROBERT W. WILLIAMS of La Salle National Bank, treasurer. JERRY A. SRP, vice-president, Lawndale National Bank, and ROBERT H. O'TOOLE, assistant vice-president, Pullman Trust & Savings Bank, were elected directors for 2-year terms. WILLIAM N. FLORY,

manager of business development at Harris Trust and Savings Bank, is outgoing president.

LINCOLN BANK AND TRUST CO., Louisville, Ky., has moved its Iriquois branch into a new home with drive-up window and parking area. The bank has announced it will open a fifth branch about December 1.

JOHN MCDOWELL, senior vice-president of The Philadelphia National Bank, was elected to the new post of executive vice-president. E. LAWRENCE WORSTALL became senior vice-president; G. EDWARD COOPER, senior vice-president; HAROLD W. WALLGREN, vice-president and cashier; WISTAR H. MACLAREN, vice-president and comptroller.

Alumnus Honoris

MAX STIEG, president of Dairyman's State Bank, Clintonville, Wis., received the second alumnus honoris award of the Clintonville high school. The award was presented at the high school graduation exercises and "recognizes a graduate of the school who has achieved



B. W. Mills, Jr., assistant vice-president of the Citizens & Southern National Bank, Atlanta, hawks a special edition of the Atlanta Journal-Constitution which raised more than \$90,000 in one day for the Atlanta Cerebral Palsy School-Clinic. Some 50 C&S officers were among the several hundred persons taking part in this 7th annual Old Newsboys Day

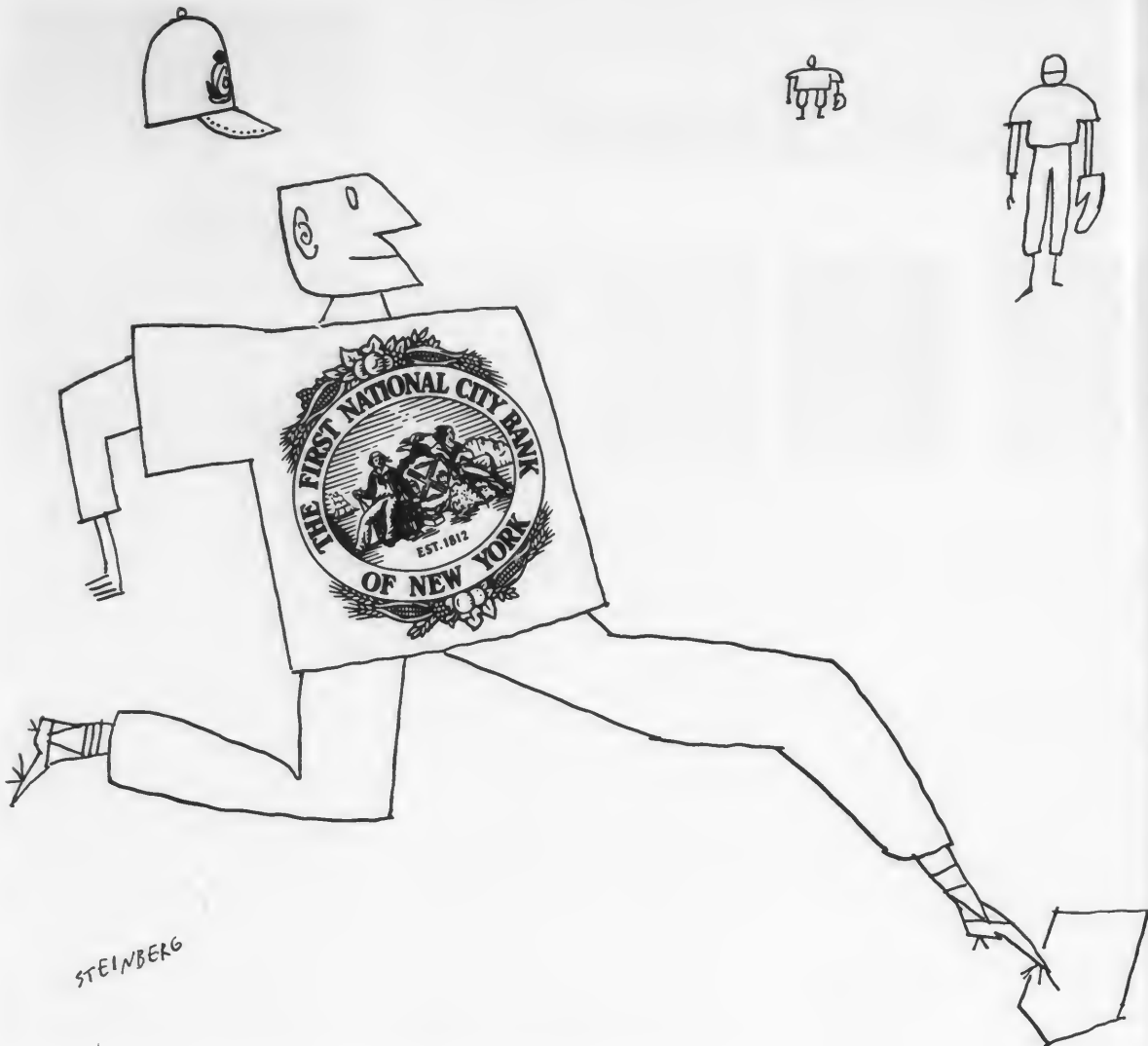
state or nationwide eminence in the field of his chosen endeavor."

MR. STIEG is state chairman for Wisconsin of the A.B.A.'s Federal Legislative Council and is former chairman of the A.B.A. Organization Committee. He is a recipient of the Richard W. Hill Award of The Graduate School of Banking.

UNION COMMERCE BANK, Cleveland, has a new combination drive-in and sidewalk banking facility near
(CONTINUED ON PAGE 19)

Ralph N. Volm, vice-president of Illinois State Bank of Quincy, right, greets Stan Musial, St. Louis Cardinals baseball star, before a recent game with the Phillies. The bank sponsored tour for group of Quincy College students which included visits to the ball game, the St. Louis Federal Reserve Bank, and other points of interest





**NOBODY GIVES YOU
FASTER TRANSIT SERVICE THAN
FIRST NATIONAL CITY**

The **FIRST NATIONAL CITY BANK** *of New York*

HEAD OFFICE: 55 WALL STREET, NEW YORK

70 OVERSEAS BRANCHES, OFFICES AND AFFILIATES • 75 OFFICES IN NEW YORK

Around-the-clock Transit Service • Collections • Credit Information • Bond Portfolio Analyses • Complete Securities Handling Facilities • Dealers in State and Municipal Bonds • Participation in Local Loans Personalized Service • World-Wide Banking Facilities • Complete Metropolitan New York Office Coverage

Member Federal Deposit Insurance Corporation

First in World Wide Banking



Our booklet, "Speed", describes the many ways First National City's check collection service can help you. We will be pleased to send you a copy free on request.

MAIN STREET (Continued)

its office in suburban Berea. There are two drive-in windows and two walk-up windows.

Vice-presidents RICHARD D. BRIGHAM and CHARLES PRATT, JR., have retired at Crocker-Anglo National Bank, San Francisco. MR. BRIGHAM is a past president of the California Bankers Association and former member of the Executive Council of the American Bankers Association. He had been with the bank for 38 years and will continue as a director. MR. PRATT'S service has covered a period of more than 47 years.

BANKERS TRUST COMPANY, New York, held its annual show and dance for employees and families in the grand ballroom of the Sheraton-Astor Hotel. More than 2,000 attended and saw a 3-act musical using the talents of 42 staffers.

Americana

A HANDSOME book is "Gateway of Progress," which celebrates the 100th birthday of The Howard Savings Institution, Newark, N. J. It's the story of a bank that was named for John Howard, the 18th Century philanthropist who devoted his inheritance to the uplift of the poor and the improvement of conditions in prisons and hospitals in Europe.

The brochure combines the bank's story with the history of Newark. It recalls, among other things, that Thomas Alvah Edison was once a Western Union telegrapher in the city. It is also a reminder that banks, by means of similar brochures, are doing a good job in preserving and reviving bits of American history.



J. R. Dunkerley, right, senior deputy manager, American Bankers Association, congratulates William L. Maude, president of The Howard Savings Institution, Newark, N. J., on bank's 100th anniversary. John W. Kress, executive vice president, looks on approvingly



F. A. Schuchardt



Norman Woolley

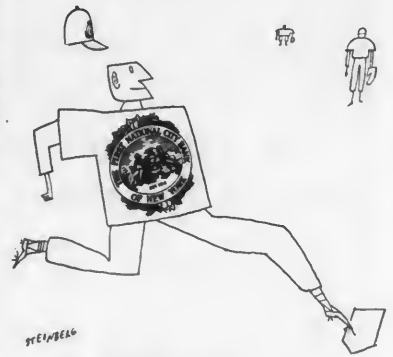
FRANCIS A. SCHUCHARDT advanced to vice-president of the Trenton (N. J.) Trust Company, and is succeeded as treasurer by NORMAN WOOLLEY.

THOMAS P. HUDSON is the new executive vice-president of the First American State Bank, Wausau, Wis. He had been president of the Superior National Bank and Trust Co., Hancock, Mich.

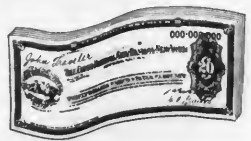
THE FIRST NATIONAL BANK of Menomonie, Wis., has completed a remodeling and redecorating program which it is celebrating with a month-long open house. The most striking feature of the remodeling is a luminous ceiling covering the entire lobby and teller area and the officers' section.

CURTIS A. LOVRE was appointed vice-president of the Northwest Security National Bank of Sioux Falls, S. Dak. He was formerly vice-president of Northwest Bancorporation, Minneapolis.

BANCO DE PONCE, a Puerto Rican banking chain serving the Island and the Puerto Rican community in New York City, has opened a new uptown agency at 2112 Third Avenue. It replaces an agency in the same general vicinity and is the 16th office of the bank. The principal



**At Home
Or In
The Outfield
Nothing
Can Be Safer
Than...
FIRST
NATIONAL
CITY BANK
TRAVELERS
CHECKS!**



Safe—yes, completely safe everywhere. At home or abroad First National City Bank Travelers Checks are spendable like cash everywhere—for everything. Come in handy denominations of \$10, \$20, \$50 and \$100. Promptly refunded if lost or stolen. Cost only \$1 per \$100; good until used.

SELL FIRST NATIONAL CITY BANK TRAVELERS CHECKS—YOU KEEP 90% OF THE SELLING COMMISSION—AND REMIT 10% TO US!

Member Federal Deposit Insurance Corporation

LOOK TO ABBOTT

FOR COMPLETE
BANKING EQUIPMENT



CALENDARS
AND DESK SETS

A completely new line of decorator designed perpetual calendars and desk sets in satin finished brass or chrome, single and double faced calendars with or without pens.



SIGNS

Illuminated signs, beautifully hand-etched in plate glass. Standard engraved floor and counter signs. Name plates of all types.

COIN COUNTING MACHINES



ABBOTT MODEL 49

The world famous line of Abbott coin counting and sorting machines in hand operated and heavy duty electric models.

Also: Abbott quality coin wrappers, coin and currency trays, etc., etc.

WRITE FOR COMPLETE CATALOG

ABBOTT COIN COUNTER CO.

143rd-144th STREETS & WALES AVE.
NEW YORK 54, N. Y., U. S. A.



Paul B. Clerke



August Strung



Jack Eachon, Jr.



Wm. B. Arnold

agency of BANCO DE PONCE in New York is at 51 Broadway in charge of UGO J. LISI, vice-president and agent.

PAUL B. CLERKE and AUGUST M. STRUNG are now vice-presidents of Bowery Savings Bank, New York.

FIRST NATIONAL BANK of Akron, Ohio, has completed a big remodeling program at its Barberton office. There was a public showing with souvenirs for all.

ROBERT M. MARTINDALE has been named advertising manager of the Marine Midland Trust Co. of Central New York, Syracuse.

The SECOND NATIONAL BANK of Cumberland, Md., has opened its first branch office in nearby Cresaptown.

The GREEN POINT SAVINGS BANK, Brooklyn, in cooperation with the Seaview Village Home Owners' Association, held an amateur art exhibition in the bank's Canarsie Office. Forty artists were represented by 133 paintings and eight sculptures. The exhibition was held on very short notice, but was so fa-

vorably received that plans are being made for a similar exhibition next year.

JACK EACHON, JR., was promoted to vice-president in charge of the 11 western states in the national division of First Western Bank and Trust Company, San Francisco. WILLIAM B. ARNOLD was named vice-president in charge of the Southern California territory, with headquarters in Los Angeles.

STUART P. HICKS has been elected vice-president of The Culpeper (Va.) National Bank. He was formerly executive vice-president of Depositors Bank of Lynchburg, Va. WILLIAM D. CANNON, formerly cashier, was elected vice-president and cashier.

HARRIS TRUST AND SAVINGS BANK, Chicago, for the fourth consecutive year has received an award for outstanding achievement in advertising. The award was presented by the Chicago Federated Advertising Club in recognition of the bank's campaign explaining "tight money." ROBERT LINDQUIST, Harris Trust vice-president. (CONTINUED ON PAGE 22)

BANKERS ALL—It wasn't easy for the judges to select Miss C&S Atlanta from these beauties at annual picnic of Citizens & Southern National Bank of Atlanta





Houston—the nation's first city in petrochemicals

The **FIRST CITY NATIONAL** *is banker to*
the **FIRST CITY** *in petrochemicals*

Over 80% of the entire U. S. petrochemical output is produced in Texas—most of it in the Houston area. The growth potential of this young industry is tremendous and promises to have widespread influence on the development of many older industries.

As banker to petrochemicals, First City National Bank has acquired experience in this field that may be helpful to you or your customers.

Access to this experience is one of the "extras" that add value to your correspondent relationship with First City National—first bank in Texas' first city.

MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION

FIRST CITY
NATIONAL **BANK** OF HOUSTON

the difference in Property Insurance is People!



The Adjuster—

makes you glad you're insured by THE HOME!

Policies may seem "all alike" to you—until you've had a fire or other insured loss.

That's when you appreciate the services of your Home Insurance adjuster.

When your own agent or broker recommends The Home to protect you, he has the adjuster in mind. He knows that The Home adjuster's objective is identical with your own—to see that your loss is paid promptly and fairly, with the least trouble and inconvenience to you.

To assure this, even after a catastrophe, The Home Insurance Company has trained and maintains a special staff ready to work 24 hours a day anywhere in the nation to speed payment to our policyholders.

As in most things—you do best when you buy the best! See your HOMEtown agent now!

THE HOME

ORGANIZED 1853



Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

A stock company represented by over 40,000 independent local agents and brokers

MAIN STREET (Continued)

dent in charge of public relations and business development, accepted the award for the bank.

GERALD A. MOKMA, who retired recently from the U. S. Foreign Service, was appointed customer relations representative of The First National Trust and Savings Bank of San Diego.

L. B. MANRY, JR., executive vice-president of the Alvin (Texas) State Bank, is the new president of the Brazoria County Bankers Association. He succeeds J. S. MONTGOMERY, president of the First State Bank of Brazoria.

WILLIAM B. KIRKPATRICK advanced to vice-president at Canal Bank, Portland, Maine. WINTHROP B. WALKER, vice-president, was elected to the trust investment committee.

MADISON BANK & TRUST COMPANY, Chicago, has completed a remodeling program and may be the only bank in the country featuring all ebony furniture.

The Newton Savings Bank and the Newton Centre Savings Bank, both of Newton, Mass., announce a merger effective May 31. The bank continues as the NEWTON SAVINGS BANK, which was founded in 1829. Total assets of the enlarged bank exceed \$86,000,000; its principal officers are: WILLIAM H. RICE, chair-
(CONTINUED ON PAGE 24)

Randall R. Kitt is the newly elected executive manager of the Missouri Bankers Association, succeeding the late Robert E. Lee Hill





ARE YOU GETTING YOUR SHARE OF
Profitable Boating Paper?

From the banker's point of view, boat and engine paper is highly desirable paper. Yachtsmen have a far better record for time payments than buyers of automobiles, appliances and other commonly financed merchandise . . . and the potential is tremendous. The Boating Market in 1956 accounted for over a billion and a quarter in dollar sales.

Marine Dealers send their customers directly to the bank for time-payments or make arrangements for financing when the sale is made. One of the best ways to get this profitable time-payment business for your bank is to offer to

help them finance their inventory as well as their installment business. Offer them a package deal that includes both.

ARE YOU LISTED?

As a service to Marine Dealers, we are publishing a list of banks interested in financing boat and engine sales. If you wish to have the name of your bank included, please advise us.



Send for the Booklet
"PLEASURE BOATING
OFFERS
FINANCING OPPORTUNITIES"

It's free. You'll find it informative.



NATIONAL ASSOCIATION OF ENGINE & BOAT MANUFACTURERS, INC.
420 LEXINGTON AVE., NEW YORK 17, N. Y.

MAIN STREET (Continued)

man; JOSEPH EARL PERRY, president; FREDERICK S. BACON and DOUGLASS B. FRANCIS, vice-presidents; BENJAMIN F. LOUIS, treasurer.

ROBERT B. ANDERSON has resigned as trustee of The Hanover Bank, New York, in view of his nomination as Secretary of the Treasury.

I. F. FREIBERGER, board chairman of The Cleveland Trust Company, has received the Award of Merit for distinguished service to the American Heart Association.

Effective July 1, 1957, A. E. WHARTON retires as president of the Virgin Islands National Bank, Charlotte Amalie, St. Thomas. Thereafter the officers of the bank will be: D. VICTOR BORNN, president; IRA ROSS, vice-president; and ALBERT COMMISSIONG, cashier. The bank has recently become a member of the Federal Reserve System.

FRANK C. PAUL was elected a vice-president of the Long Island Trust Company and will continue as personnel officer and operations officer at the main office in Garden City, N. Y.

Seattle University conferred its 1957 National Award for Economic Statesmanship upon S. CLARK BEISE, president of Bank of America. MR. BEISE is the first financier to receive



G. S. Robinson



Donald J. Roe



John A. Mayer



C. H. Jamison

this honor. He was cited for his "enduring contribution to the strength and growth of American enterprise."

GARDINER S. ROBINSON advanced to vice-president of Bankers Trust Company, New York.

DONALD J. ROE, who will be in charge of the Citizens & Southern National Bank of Atlanta's new Chicago service office, has been promoted to vice-president.

NATIONAL BOULEVARD BANK of Chicago has organized a trust department.

90 Years Old

THE IDAHO FIRST NATIONAL BANK, Boise, has been celebrating its 90th anniversary, which, as President JOHN SCHOONOVER says, "is a long time in the history of the West." The bank's charter was granted on March 11, 1867, but the actual opening day is not known for sure. It is assumed that May 15 was the actual official date of the bank's beginning. The bank now has 33 offices and resources in excess of \$200,000,000.

JOHN A. MAYER has advanced to executive vice-president of Mellon National Bank and Trust Company, Pittsburgh.

C. HAYDEN JAMISON has been named to the new position of bank economist and director of public relations at The Beloit (Wis.) State Bank.

WALTER L. SCHMID, branch manager for Rochester (N.Y.) Savings Bank, has been elected a vice-president.

L. G. GROSZ advanced to vice-president and manager of the instalment loan department of Farmers & Merchants Bank, Aberdeen, S. Dak. MARTIN T. HAAR, formerly cashier of First National Bank at Freeman, S. Dak., has joined the bank as cashier.

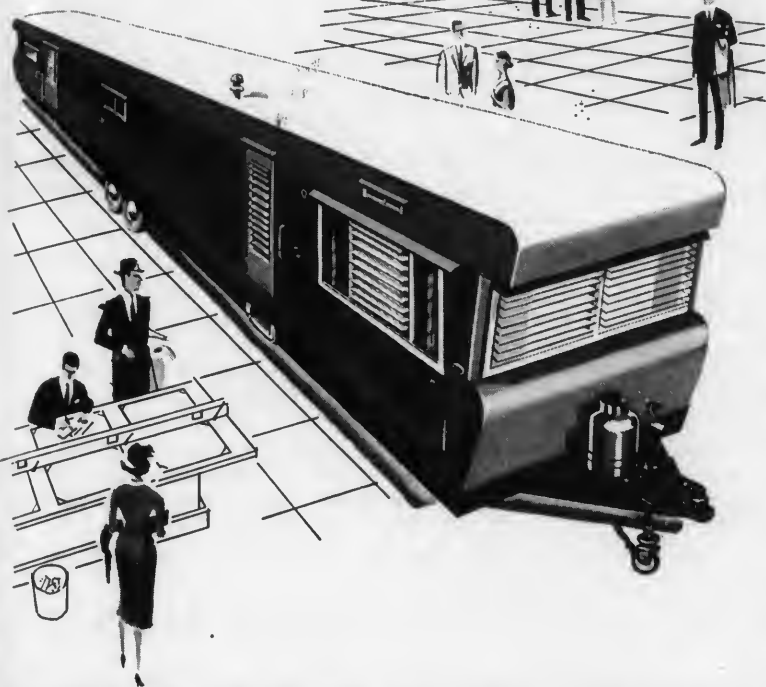
LAWRENCE C. FREER, vice-president of The Chase Manhattan Bank, New York, and heretofore in charge of an area comprising 10 western states and Alaska and Hawaii, has retired. The area under his supervision (CONTINUED ON PAGE 26)

STATE ASSOCIATION PRESIDENTS

Left to right: NEW JERSEY—George Munsick, president, Morristown Trust Company, Morristown; ALABAMA—S. Wallace Harper, vice-president, Robertson Banking Company, Demopolis; MISSOURI—Carroll F. Burton, vice-president, First National Bank in St. Louis



Mobile Home paper
is **safe**
and the yield
is high



Increase net profit on your invested capital! REX AGENCY CORP., as Insurance Specialists in the Mobile Home field, has established nationwide relationships with Mobile Home Dealers and with leading lending institutions. We make available comprehensive insurance coverage to protect your interests. Our field force is your right arm. Claims are adjusted on-the-spot and speedy claim payments are made. Your inquiry is graciously invited — for details, please write, wire or 'phone:

REX AGENCY CORP.

Specialists in Mobile Home Insurance

11 WEST 42nd STREET • NEW YORK 36, N. Y.

LONGacre 3-6240

Facts

about Mobile Homes

There are more than a million Mobile Homes presently in the United States, with three million Americans living in them.

The "Mobile Home" is essentially a permanent residence to the majority of owners. Statistics prove that a change of residence is once in 3 years. Sixty percent of current owners trade models frequently.

Volume in the sale of Mobile Homes reached an all time high in 1956 of 120,000 units. This represented a half billion in dollar volume. The Industry anticipates unparalleled growth.

The average Mobile Home family earns about \$1,300 more annually than the national average.

The loss record: 97% of reporting Banks list no losses; 1½% of reporting Banks list 1/10th of 1% in losses; and the other 1½% list over 1/10th of 1% as losses.

Safety in Financing Mobile Home Paper

The collateral is a man's home.

The Dealer enters into a Repurchase Agreement with the Bank.

The Purchaser's Promissory Note and Conditional Sales Contract are submitted to the Bank.

The Bank reserves 3% to 5% on each transaction.

A stream-lined Insurance Policy held by the Bank makes available comprehensive insurance protection.

MAIN STREET (Continued)

sion has been divided into two districts. **ROGER M. KEEFE**, vice-president, will head the district which embraces Calif., Oreg., and Hawaii. **ERNST C. OPHULS**, vice-president, will be in charge of the district which includes Ariz., Idaho, Mont., Nev., N. Mex., Utah, Wash., Wyo., and Alaska.

The 4-year-old **LAKE COUNTY NATIONAL BANK**, Painesville, Ohio, has grown so fast that it has had to move into new and larger offices.

FIRST WESTCHESTER NATIONAL BANK, New Rochelle, thinks it has one of the youngest officers around. **ROBERT H. PARSONS** was elected as assistant cashier on his 21st birthday.

The **BARCLAY WESTMORELAND TRUST CO.**, Greensburg, Pa., has opened a branch with four drive-up windows and walk-in banking, the first drive-up branch in the county.

FLORIDA STATE BANK of Sanford has opened a facility at the Sanford Naval Air Station.

The **GREATER NEW YORK SAVINGS BANK** of Brooklyn has celebrated its 60th anniversary.

The **FIRST NATIONAL BANK** in Chickasha, Okla., held a Sunday open house in its newly remodeled quarters.



Adrian Norton



James F. Fox



C. W. Alexander



Geo. H. Stanley

ADRIAN NORTON was promoted to general industrial agent of the Citizens & Southern National Bank, Atlanta.

JAMES F. FOX has been appointed assistant director of public relations and advertising of The Chase Manhattan Bank, New York. He'll assist **CRAWFORD WHEELER**, vice-president and director of the department.

BIRMINGHAM (Ala.) TRUST NATIONAL BANK has completed renovation of its East Lake branch in suburban Birmingham.

Boys' Club Award

CRAWFORD YOUNG, executive vice-president of the Flatbush Savings Bank, Brooklyn, N. Y., was honored at a testimonial dinner for his 15 years of continuous service to the Boys' Clubs movement when **John Gleason**, executive director of the Boys' Clubs of America, presented an award.

Mr. **YOUNG**'s service was to the Flatbush Boys' Club, where he served as chairman of many committees and as an officer for 10 of the 15 years.

CHALMERS W. ALEXANDER, Commissioner of the City of Jackson, Miss., starts a new job on July 1, that of vice-president and trust officer of the First National Bank of Jackson. Mr. **ALEXANDER** didn't seek reelection and takes his new position immediately upon expiration of his term of office.

GEORGE H. STANLEY has been promoted to vice-president in the international banking department of Bank of America, San Francisco.

JOSEPH P. HAUPT has joined The Kirkwood (Mo.) Bank as a vice-president. He had been assistant bank examiner of the Federal Reserve System.

These senior vice-presidents of J. P. Morgan & Co., Incorporated, New York, have been elected to the bank's board of directors: **STUART W. CRAIGIN**, **LONGSTREET HINTON**, and **JOHN M. MEYER, JR.**

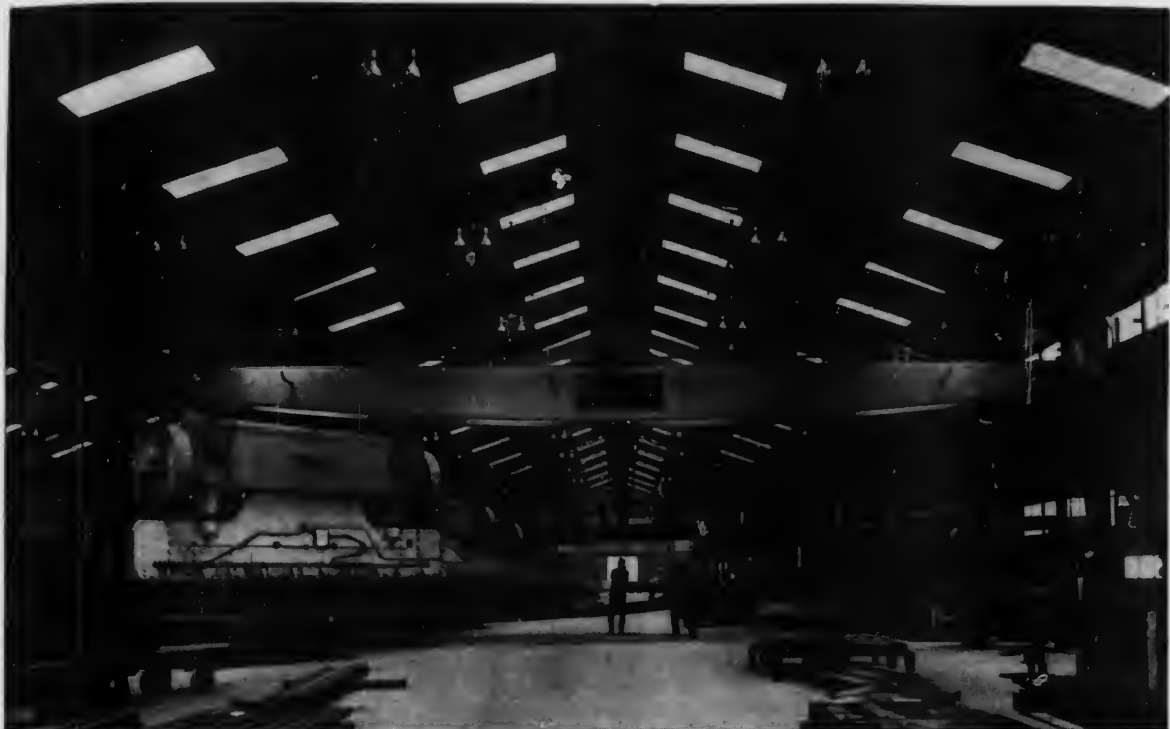
HARRY J. HARDING, president of First National Bank of Pleasanton, Calif., was reelected councilman-at-

(CONTINUED ON PAGE 28)

STATE ASSOCIATION PRESIDENTS

Left to right: **MISSISSIPPI**—C. E. Morgan, president, Merchants & Farmers Bank, Kosciusko; **ILLINOIS**—Wilfred H. Heitmann, president, Northwest National Bank of Chicago; **NORTH DAKOTA**—Gail H. Hernet, president, McIntosh County Bank, Ashley





A SOUND INVESTMENT...

A Butler metal building, always in demand

A Butler building can be as valuable to a future owner as it is to the first. Its engineering advantages and flexibility of application keep it in demand.

Every owner, present or future, values a Butler building. It can be heated and air-conditioned more economically than traditional construction. It can be ventilated and illuminated efficiently. Finally, it requires practically no maintenance.

Now if a future owner wants to make changes, Butler's flexibility saves him time and money. For example, if he wants to add overhead cranes, the truss-free gable and the strength of the metal building make it relatively easy.

If he wants to enlarge the building, Butler bolted construction permits fast, economical expansion.

If he wants to alter the external appearance, the non-load-bearing walls can be replaced easily and economically with curtain walls of glass, brick, stone, cement block or other materials.

A Butler building can never be a white elephant. It costs less to build . . . less to adapt to other purposes than any other type of building.

Already over 500 banks, building and loan associations, insurance companies and other lending institutions have made sound investments in Butler building mortgages.



For your free copy of the booklet, "Butler Metal Buildings—o safe, profitable investment," write to

BUTLER MANUFACTURING COMPANY

7431 East 13th Street, Kansas City 26, Missouri

Manufacturers of Buildings • Oil Equipment • Farm Equipment • Dry Cleaners Equipment • Outdoor Advertising Equipment • Custom Fabrication
 Sales offices in Los Angeles and Richmond, Calif. • Houston, Tex. • Birmingham, Ala. • Atlanta, Ga. • Minneapolis, Minn. • Chicago, Ill.
 Detroit, Mich. • Cleveland, Ohio • New York City and Syracuse, N.Y. • Washington, D.C. • Burlington, Ontario, Canada



Expendable in any direction

Pleasing, comfortable interior

Sales office with eye appeal

When you want advice about

BANKERS BLANKET BONDS

you can count on

prompt

efficient

courteous

SERVICE

from your local Travelers agent or broker. He represents the company that can handle all your insurance needs.

THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

*All forms of personal and business insurance including
Life • Accident • Group • Fire • Automobile • Casualty • Bonds*

DIVERSIFICATION IS INTRIGUING

One of the current phenomena of our economy is the widespread conviction that diversification of a business insures against recessions. Apparently, when woggles are down dopples are up, so the theory is that to manufacture both is to create a balance that more or less guarantees uniform profits.

There may be something to this but it seems to us that it smacks a little of the old ego to assume that just because a manufacturer is good at making woggles, he would be equally good at making dopples. Carried to extremes, as it sometimes is, this theory could build up a lot of confusion, with the result that it might become necessary to "spin off" this and that to get back to the very limited number of items which can be handled profitably.

As for us, we are trying to make one

thing... bank checks. We still have a lot to learn, so we spend our time in study and research that relates to bank checks. We refuse to be concerned about the future of bank checks, and if, profitwise, they go into a tail spin, we're stuck with them. Even so, we believe that this is a better calculated business risk than to spread our shot and clutter up our philosophy with the problems that accompany diversification.

In the long run, we think we can do a better job for our people and for our customers if we continue to function as specialists. On occasion we may be undersold, and from time to time someone will introduce an innovation that will cost us some business. We are confident, however, that over the years those who work with us and those who buy from us will get a better deal because we choose to "stick to our last."

De Luxe
CHECK PRINTERS

Manufacturing Plants at: CLIFTON, PAOLI, CLEVELAND,
INDIANAPOLIS, CHICAGO, KANSAS CITY, ST. PAUL, DALLAS



W. C. Payne



Jack L. Ames

MAIN STREET (Continued)

large and honorary president of the Independent Bankers Association of the Twelfth Federal Reserve District. He had served as president for five terms.

W. C. PAYNE was elected vice-president in charge of operations and personnel at The Miami Beach (Fla.) First National Bank.

The Peoples Bank of Dayton, Ohio, has changed its name to THE PEOPLES BANK AND TRUST COMPANY and has established a trust department, to be in operation July 1. JACK L. AMES, vice-president, takes over the duties of trust officer.

PAUL C. SAUERLAND, JR., assistant cashier at the Hunterdon County National Bank, Flemington, N. J., has received a Bachelor of Science degree in accounting from Rutgers—The State University. He earned the degree through attendance at evening classes.

(CONTINUED ON PAGE 30)

W. G. Hall, right, president, League City (Texas) State Bank, receives plaque from Robert Steelman, Lions Club president, expressing appreciation on bank's first anniversary. The bank opened in March 1956, has reached \$3-million in deposits, a mark not expected to be attained before three years



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“Sell the Company as well as the Product”

says Merryle Stanley Rukeyser, financial writer and business consultant

“Selling products isn’t the sole function of advertising. Advertising can also merchandise ideas and concepts—and can establish in the public mind an image of a company as a successful institution.

“Such public acceptance pays off when a company, in providing for growth, looks to the savings of thrifty outsiders—investors—for capital funds.

“It is impractical not to relate sales . . . and product recognition . . . to the field of finance,

where the need for creative capital places a premium on favorable corporate recognition and identification.”

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The modern Money Order System with the convenient Mailing Envelope attached!

- Triplicate forms in snap-apart style.
- One-time carbon provides legible copies.

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150 VANDERBILT AVE. • WEST HARTFORD, CONN.

Please send ENVO-CHECK samples.

NAME

BANK

ADDRESS

Clip this coupon to your letterhead.

MAIN STREET (Continued)

RUSSELL F. GREENLEAF, vice-president of Lindell Trust Company, St. Louis, has been appointed to the bank's 6-man advisory board.

Prospective merger: CALIFORNIA BANK, Los Angeles, and THE MARINERS BANK, Newport Beach, Calif.

Merger planned: THE NAUGATUCK (Conn.) NATIONAL BANK and THE COLONIAL TRUST COMPANY, Waterbury.

THOMAS A. SHEEHAN, assistant vice-president of State - Planters Bank of Commerce and Trusts, Richmond, Va., was elected president of the Sales Executives Club of Richmond, and is the first banker to serve in this post.

The new LOCKWOOD NATIONAL BANK of Houston, Texas, is now open. It officers: chairman, DURELL CAROTHERS; vice-chairman, GORDON H. TURRENTINE; president, ARTHUR F. HOEHN; vice-president and cashier, T. R. BURRIDGE. The new bank has \$300,000 capital, \$300,000 surplus, and \$120,000 undivided profits. Four island-type drive-up windows are a feature.

SOCIETY FOR SAVINGS AND SOCIETY NATIONAL BANK, Cleveland, has broken ground for construction of its ninth branch, this in Parma Heights, a Cleveland suburb.

Merger proposed: NATIONAL BANK of Narberth, Pa., with GIRARD TRUST CORN EXCHANGE BANK, Philadelphia.



Miss Downtown (Pati Olson) delivers chimes ballot in form of a scroll from 343 Gamble Skogmo employees to Henry Rutledge, vice-president of Northwestern National Bank, Minneapolis

Take a Vote

NORTHWESTERN NATIONAL BANK, Minneapolis, wanted to add chimes to its Weatherball but wasn't sure how its neighbors would like it. So, the bank installed the chimes on a temporary basis, then asked its neighbors for an opinion. After listening for a trial period, more than 10,000 people registered their votes—yes, 10,093; no, 399—a 97% yes vote. The chimes are now permanent.

ALBERT J. SEMENZA has been named manager of Bank of America's new World Trade Center Branch in San Francisco.

WAYNE D. DEASY has been named manager of the National Bank of Commerce (Seattle) new Moses Lake branch at Westlake, Wash.

(CONTINUED ON PAGE 88)

Virginia O. Valentine, advertising manager, State - Planters Bank of Commerce and Trusts, Richmond, Va., receives congratulations from Preston E. Reed, executive vice-president of FPRA, on her election as president of Richmond Public Relations Association. Mr. Reed was speaker at the meeting



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AUDIT
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How much banking instruction can a fellow take?*

BANK
OPERATIONS



BANK
INVESTMENTS



INSTALLMENT
CREDIT



APPRAISALS



BANK
EXAMINATIONS



MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH

CAPITAL \$60,100,000

SURPLUS \$180,000,000*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

* Answer: You can find out for yourself by taking the Concentrated Course in Banking which we offer to our correspondents.

The OUTLOOK and CONDITION OF BUSINESS

SOME call this a lull, but it is the liveliest lull in history, judged by most statistical evidence.

Opinion among bankers varies but little from one section to another. They feel that business in general will continue active, and they see no prospect of any important change up or down in the demand for credit.

In fact, there is an unusual degree of uniformity among all surveyors of the business landscape to the effect that the road ahead will be fairly level for a while, with chances favoring a moderate rise, if any.

The chief factors contributing to this prevailing optimism are consumer spending, business spending and Government spending, all of which are tending upward. The prospect seems now that this year will be the biggest yet in dollars of current value.

Modern Optimism

Much of the higher mathematics of business optimism here and abroad is a reflection of higher prices. Consequently optimism may not be the right word unless we change its meaning, in the blithe spirit of the times, and call it Modern Optimism. This means optimism mixed with some nervous anxiety and has about the same relationship to old or standard optimism as rock 'n roll has to *Home Sweet Home*.

Some Soft Spots

So this might be a good place to examine some of the soft spots.

Just where automobiles and housing fit into this generally favorable picture is something these industries would like to know. The hope of those in the automotive field is that next year's models will stimulate demand, and the hope of the home building industry is that the long decline is about over. Hope, however, is not easily measurable.

Fewer housing starts have had their impact on appliance sales and home furnishings. More is being spent for remodeling and home improvement than was

expected earlier this year, but this has not helped the furniture people, who are discovering that consumers will often spend for modern home equipment even if they have to sleep on the floor for a while and eat standing up.

Textiles are still poor and automobile buying is disappointing. Steel output may drop to as low as 70% of capacity this summer, partly as a result of mass vacations, retooling of autos, and other factors unrelated to general business conditions.

In addition to steel, the output of other basic materials is also below capacity, such as some industrial chemicals, coke, copper, aluminum, cement, oil products, paper, and such related items as well as woodpulp.

The Federal-state highway program is one phase of Government spending. It is making progress, although snags have developed. High interest costs are an impediment to the flotation of bonds, and problems have developed in the acquisition of some land strips for road building purposes.

Defense spending continues at high level, but there is speculation at this time whether greater reliance on guided missiles may not have an eventual effect on the volume of the aircraft industry.

Loan Prospects

In general, bankers expect that consumer loans for automobiles and home equipment, also loans to finance companies, will continue at about present levels. The same is true of home mortgage loans.

The demand for term loans is strong, reflecting the high rate of capital expenditure, and some expect this volume to rise despite continued tightness in the money market. Loans to small business are subject to much the same factors as those affecting all business loans. Banks are fairly well loaned up and for that reason all applications are scrutinized a little more closely.

Agricultural loans, aside from their normal seasonal trends, are likely to remain about where they are.

(CONTINUED ON PAGE 152)

BANKING'S Golden Anniversary Begins

ONCE upon a time there was an old bank which spent much time and money telling the world just how old it was. Then one day it discovered, by asking questions, that its customers didn't give a hoot how old it was but gave many hoots about the thing called convenience.

BANKING is coming close to the half century mark. So what? There are hundreds of ways to celebrate an anniversary. We'll start by throwing out the word "anniversary" entirely and substituting "opportunity."

The beginning of our 50th year is truly a golden opportunity to look back and look ahead at the same time, and give readers a valuable

picture of where banking was and where it is going.

We'll do this mainly by answering the question, "How effective are bank sales methods?" because everything points to a period of substantial growth for those banks that do an effective job of advertising and public relations.

Historical perspective was easy for Janus, the Roman god with a face on the back of his head as well as the front, but for ordinary mortals it takes real effort.

In the process of turning and looking wistfully back to see where we had been, we found that some bankers did a surprising job of judging their market 50 years BMS (before market surveys). One example is on the front cover of this issue, another on this page; and there were many others from the days when the JOURNAL was just a gleam in the eye of Lewis E. Pierson, who was vice-president of the Association at that time.

Through the years banks have been discovering over and over again that women are important customers, that customers like convenience, that people are people, and other facts equally astonishing. Many basic sales ideas being revealed regularly by modern opinion and market surveys were discovered by thoughtful individuals long before the discovery of surveys.

This is not to disparage surveys, which contribute much of value to bank management, but simply to make the point that progress is and always will be mainly the product of individual initiative and energy.

The most successful banks have been and will be those that see the future clearly and step forward to meet it.

Why the JOURNAL Was Born

The late Thomas B. Paton, general counsel of the American Bankers Association and first editor of the old JOURNAL, wrote in the issue of July 1908:

"For some time the need has been felt for a medium of publicity through which the members might be kept informed of the progress of the various lines of work undertaken in behalf of the Association. . . . In a broader sense, this JOURNAL will be devoted to an exposition of the principles and practice of banking and finance. Banking is a science, and the ascertainment and application of true principles to its conduct are necessary and vital to commercial prosperity and the welfare of the entire people."

This was the purpose and the pattern, and here are some of the subjects covered in Volume I, Number 1:

Recognition by Congress of the soundness of currency based on bank assets.

The question of guaranteeing bank deposits.

The uniform negotiable instrument law's progress through state legislatures.

The question of a uniform bill of lading law.

For and against the establishment of a credit information bureau by the Association.

Also BMS

Banking by Mail

THE CITIZENS SAVINGS & TRUST CO., of CLEVELAND, O.

one of the largest and oldest Savings Banks in the country, having Assets of over

THIRTY-SEVEN MILLION DOLLARS

and Capital and Surplus of

SIX MILLION DOLLARS

will pay

4% INTEREST

on Savings Accounts.

We welcome accounts of any amount from One Dollar to Ten Thousand Dollars.

Send today for Booklet M telling how you can bank safely and conveniently by mail.

The names of the National Credit Commission, a move that was to lead eventually to the establishment of the Federal Reserve System.

Today's Range of Subject Matter

The index of the latest volume of BANKING, soon to be ready, includes several thousand topics ranging over the whole field of banking and business. Many subjects, such as drive-ins, night depositories, bank money orders, and various family services, did not appear in the indexes until recent years. This is convincing evidence that the telephone, automobile, the post office, and women are here to stay.

Change and Growth

Perspective will be BANKING's special cake this year, for if the nation's business and the world's business grow and change half as much as the crystal gazers predict, banking is about to enter the greatest period of opportunity and responsibility in history.

Contents page of Vol. I, No. 1

BANKING'S AD-METER

As PART of our 50th year program BANKING will publish next month the first of its studies on the effectiveness of bank advertising.

It is based on actual house-to-house interviews in an Ohio city. Other communities will be similarly tested from time to time for purposes of comparison and to discover better testing methods.

Bank advertising must compete for attention not only with financial advertising but with all other advertising, and these tests will help measure public awareness of banks' messages. In the half century of BANKING's existence as a publication, no change has been more striking than in bank selling methods. Just a hint—preliminary results of the Ohio survey indicate there is still room for improvement.

One definition of perspective is "optical illusion," but that is not ours. The extraordinary character of these times is not an illusion. The presence here and now of the atomic age, revolutionary scientific and industrial changes, unprecedented population growth, and in-

evitable monetary problems affecting the daily lives of everyone—these are not illusions.

BANKING will celebrate its 50th year by giving readers practical information they can use for business development right now and *conveniently*.





HAL

FOR 30 years, Hal Stonier's extraordinary gifts of leadership and human understanding have been counted among the greatest assets of banking.

These years have been a period of enormous growth and change in banking's size, services, philosophy,

Hal in his G.S.B. office on the Rutgers campus about 10 years ago

A Leading Figure in Banking Since 1920s

DR. HAROLD STONIER, for 17 years chief staff officer of the American Bankers Association, died in Asheville, N. C., on June 3. At the time of his death, Dr. Stonier was dean of The Graduate School of Banking, which was organized by the A.B.A. in 1935 in cooperation with Rutgers—The State University, under his leadership. Until his retirement three years ago, he had served successively as executive manager and executive vice-president of the A.B.A.

Dr. Stonier was a leading figure in the banking business since the 1920s. He was one of the outstanding proponents of education of bankers as a means of building a more useful and farsighted banking structure.

Dr. Stonier was born in San Jose, Calif., January 13, 1890. He attended the University of Southern California where he received his various degrees—B.A., M.A., and doctorate in Business Administration. Three years after graduating from college, he returned to the University as a teacher of economics and commerce.

In 1924 he led a campaign to establish a School of Business Administration at the University. The success of this venture led to his appointment as dean of the Graduate School of U.S.C. and vice-president of the University.

It was through his work in the field of education that Dr. Stonier

came to the American Bankers Association. During his years at U.S.C., he also taught economics at Los Angeles Chapter, American Institute of Banking, which is the educational section of the A.B.A., where his work attracted the attention of Association leaders. When the post of national educational director of the A.I.B. became vacant in 1927, he was asked to fill it. He served the Institute as educational director for 12 years.

In 1935 he established The Graduate School of Banking, an institution for advanced study by bank officers, and became its director. He became dean of the School in September 1955. Over these years, the Graduate School grew from 220 students to its present enrolment of over 1,050 bank officer-students and a waiting list for admission.

Headed A.B.A. Staff in 1937

In 1937, Dr. Stonier was selected to take the position of executive manager of the American Bankers Association, the national organization of banks. Until 1939 he held both this post and that of A.I.B. educational director. He continued as executive manager of the A.B.A. until 1952, when he was elected executive vice-president. He retired from the Association in 1954.

His years as executive manager of the A.B.A. spanned the most tur-

bulent period in the history of the banking business. Bankers credit Dr. Stonier with providing much of the cohesive spirit which the business needed to emerge in recent years as the sound, progressive business that it is today. When he retired in 1954, the convention of the A.B.A. adopted a resolution stating in part: "Few men over the years contributed more to the present soundness and high public esteem of the banking structure of this country. American banking, for years to come, will carry the deep impress of Hal Stonier."

Won Highest Honors

Banking and education in this country and in other lands had given its highest honors to Dr. Stonier. In 1955, the American Institute of Banking established the "Harold Stonier Award" in his honor, to be given annually for excellence in Institute graduate courses. In 1956, the Institute of Bankers in England named him an Honorary Fellow—the first citizen of another country to be so elected. That same year, the University of Southern California named one of its dormitories "Stonier Hall" in his honor.

Dr. Stonier is survived by his wife, Lucille, who resides in Asheville, also by a brother, Kenneth K. Stonier, of the University of Southern California's administrative staff.

STONIER

and physical equipment, but it was Hal Stonier who knew that banks, first of all, are people. So it was that he was able to accomplish something unique in the history of American business.

Hal was not only dean of the Graduate School of Banking at Rutgers University, but he was dean of American banking education. From the Rutgers campus, where he started the Graduate School in 1935, the idea has spread throughout the country, with the result that banks probably have more and better facil-

ities for adult education than any other kind of business.

HAL'S interest in people, his integrity, his belief in the importance of self-improvement, his dignity, courage, modesty, and sense of humor made Hal, as a person, a symbol of closer, friendlier relations between banks and their customers.

His ability to think clearly, originally, and straightforwardly, either at his desk or before large groups of bankers and businessmen, made

his leadership a day-to-day living reality.

That leadership, of course, touched most closely those who worked with him daily and those privileged to study under him. It was his special ability to transmit his philosophy to others in very few words, as in the Charge to the Freshman Class, which he gave annually at the opening of the G.S.B. resident session at Rutgers.

That charge (reprinted on page 38) gives a clue to Hal's own way of living and thinking.

Tribute Paid at Opening of G.S.B. Session

ON the Graduate School's opening day, June 10, A.B.A. Executive Manager Merle E. Selecman and other staff members of the Association and the G.S.B. paid tribute to Hal Stonier while the student body was gathered in the dining hall.

"Many eloquent tributes," said Mr. Selecman, "will be paid to Hal Stonier by his legion of friends all over the country. He will be remembered for his magnetic personality, his vision, and his forceful leader-

ship by thousands who were privileged to know him.

"We on the staff who knew intimately these qualities of his greatness will remember him best, however, for his modesty, his thoughtfulness, his fairness, his kindness and, above all, for his indomitable loyalty to his entire staff. All of our lives will be enriched beyond measure for having had the privilege to work for and with him.

"Indelibly impressed upon private chartered banking over a turbulent

quarter century was Dr. Stonier's preeminence as a distinguished pioneer of adult education, his eloquence on the public platform, and his ceaseless fight on all fronts to preserve our heritage of American ideals.

"Hal Stonier will long be remembered for his wise counsel, his sound judgment and his warm human qualities which enriched the lives of all who knew him."

Dr. E. Sherman Adams, director of the Graduate School, then in-

Merle E. Selecman



William Powers



E. Sherman Adams





The 1957 student body at the brief ceremony

roduced the School's registrar, William Powers, who has been on the G.S.B. staff ever since his graduation with the first class, that of 1937. Mr. Powers read the Charge to the Freshman Class, an impressive duty always heretofore performed by Hal Stonier.

Charge to the Freshman Class

You have been accepted by the committee on admissions; you have attended your first classes; you have broken bread with us at our tables.

Now, for the first time you *stand together* as a group.

This is a difficult time in which to leave your accustomed tasks to take on additional work of this character. In doing so, you reflect high courage and sincere loyalty. These are the qualities which will make you outstanding as a class of the Graduate School. Your coming here testifies to the virility of our banking system and to its hopes of

future service to the country. . . .

During your courses here you will gather around the dining tables 115 times. Make the most of these opportunities in the realm of friendship. By virtue of this simple act of dining together, it is possible to become better acquainted with men from all sections of the country. *That* experience is an education in itself.

If you are as wise as we believe

The first student body became the Class of 1937. Some 40 of these men returned for a few days of the session this year



you are, during the time ahead you will have many informal chats with the men on this faculty staff. Without reservation, the greatest asset of the Graduate School is its faculty. It rekindles one's faith in human nature and in banking to know that a corps of busy and highly trained men are willing to assume the added responsibilities imposed upon them by taking leadership in this educational enterprise. Their hearts as well as their minds have been in this undertaking, and that is why it has succeeded.

We all welcome you. We are here to help you. In turn, we shall depend on you as individuals and as a group to maintain the educational standards which the classes before you have established.

You will find no great formality here. However, this is not a convention. Such gatherings have their own time and place, but in organization and operation The Graduate School of Banking is unique. Our social activities here are not those of convention gatherings. May I urge upon you, therefore, the necessity of keeping this distinction clearly in mind during the ensuing two weeks.

Be yourselves, for we know that when you are, you will be gentlemen worthy of the ideals of The Graduate School of Banking and of



Rutgers flag at half-staff

"Dreamed Great Dreams"

THROUGHOUT the country, the financial press paid tribute to Hal Stonier. The following, for example, is from *Banking News*, published by the Virginia Bankers Association:

"He was perhaps the greatest spokesman and leader which modern banking has ever known. In his great vision, he dreamed great dreams. One of these was The Graduate School of Banking, perhaps his greatest dream. He retained direction of that School until his death and he had been expected to appear once more this year in his familiar role at the general assemblies. Many people owe much to Hal Stonier for the contribution which he made to American banking. Virginia bankers are not alone in sharing a portion of this debt. One has but to look at the leadership in banking in this state, which is founded on graduates from Rutgers, to see the results of the vision of this great man.

"Hal, in his later years, was an ill man, but never so ill that he could not find time to contribute to the profession which he loved. On many occasions his efforts on behalf of banking were superhuman in the face of the illness which tried to strike him down. His life and inspiring leadership should be an example to all of us."

Rutgers University whose buildings and grounds we use and whose sincere goodwill and helpfulness come from every department of the institution with which we are cooperating in this effort in adult education.



Forecasting Business Loans

The Tools Are Within Reach; They Must Be Used Judiciously

DORIS EISEMANN

HOW can you forecast the changes that will take place in your bank's loan portfolio over the months ahead? Today this is one of the most important problems confronting bank management. With secondary reserves depleted and bond prices down, there is constant danger that, unless adequate provision is made to meet future loan demands, a bank may be forced to sell securities at a very inopportune time. Conversely, misjudgment in the opposite direction may also involve needless losses.

The demand for business loans is the crucial factor. Usually, business loans are more volatile than other types of credits and, as a practical matter, are less easily subject to control, since bankers generally feel that they should give first priority to meeting the legitimate credit needs of their business customers.

The Link Between Loans and Inventory

One of the most important factors accounting for fluctuations in bank loans to business is the changing level of business inventories. With striking consistency, business loans have risen in periods of rapid inventory accumulation and fallen when inventories were being liquidated (Chart I). The outlook for business loans is, therefore, closely hinged to future inventory levels.

Business inventories are a composite of raw materials, goods in process, and finished goods. The "purchased materials" sector is of

MISS EISEMANN was formerly a member of the staff of the Economic Policy Commission of the American Bankers Association.

particular interest, since it is usually the first to reflect the build-up or decline of total business inventories. Businesses generally borrow when they purchase raw materials, and repay their loans when they have sold the finished product. As a result, while changes in the level of loans generally precede changes in total business inventories, they usually coincide with increases and decreases in "purchased materials" inventories.

Borrowing and "Purchased Materials"

The close link between business borrowing and "purchased materials" inventories is evident from Chart II, which gives the percentage change of one month over the same month of the previous year for both of these. These comparisons with the same month of the preceding year eliminate the influence of seasonal factors.

The two series not only rise and fall at the same time, but their fluctuations are of approximately the same size. The similarity in size is largely accidental, since the inventory data refer only to manufacturers' inventories, while loans include all commercial, industrial and agricultural loans. As will be shown, when manufacturing inventories are

compared with manufacturing loans, the swings in loans are considerably larger, on a percentage basis, than inventory fluctuations. However, the accident is a useful one insofar as it provides a rough guide to the amplitude of changes in commercial, industrial, and agricultural loans.

About nine-tenths of the fluctuations in loans shown on Chart II could be explained by similar shifts in inventories. Thus an accurate forecast of inventory fluctuations would have resulted in a correct guess about changes in loans nine out of ten times.

Anticipating Inventory Changes

With this in mind, we compared actual changes in loans to manufacturing with expected changes in manufacturing inventories. The expectations data are those collected by Dun & Bradstreet, Inc., based on periodic surveys of businessmen's opinions as to what will happen to inventories. These reports are published three months before the beginning of the quarter to which they refer.¹

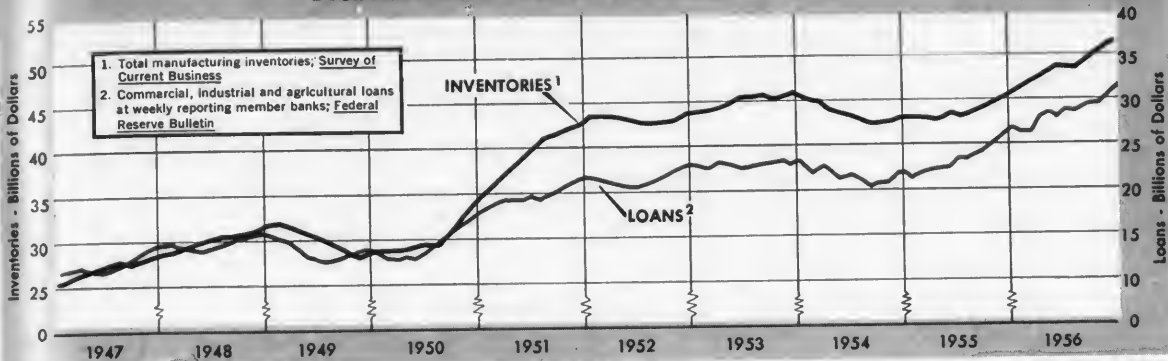
The result, as shown in Chart III, indicates that these inventory data may serve as a useful guide in forecasting loan shifts, especially in the durable goods sector. Not only was the direction of the expectations usually borne out, but the strength of the expectations, that is, the pro-

(CONTINUED ON PAGE 42)

¹ These surveys may be obtained without charge by writing to the Public Relations and Advertising Department, Dun & Bradstreet, Inc.

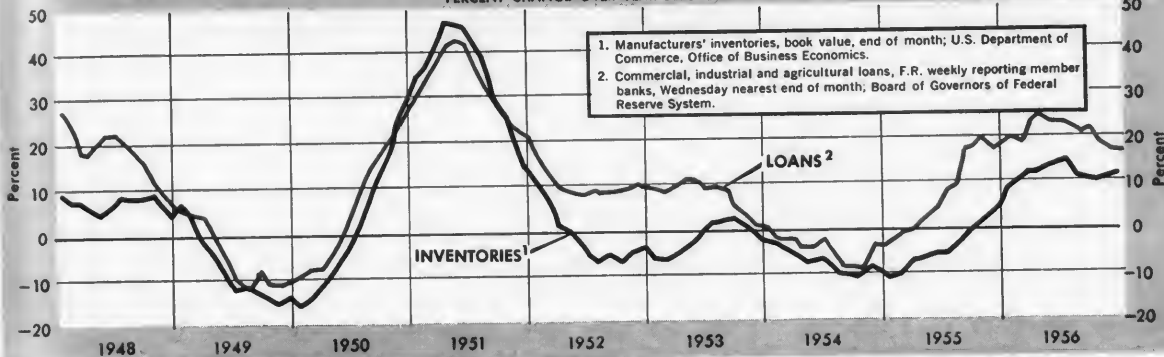
BUSINESS LOANS AND INVENTORIES, 1947 - 1956

CHART I



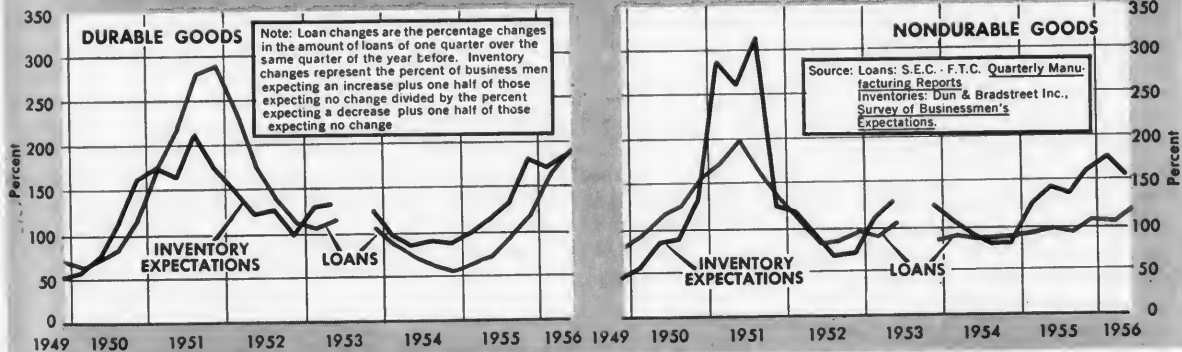
CHANGES IN BANK LOANS AND PURCHASED MATERIALS INVENTORIES, 1948 - 1956

CHART II



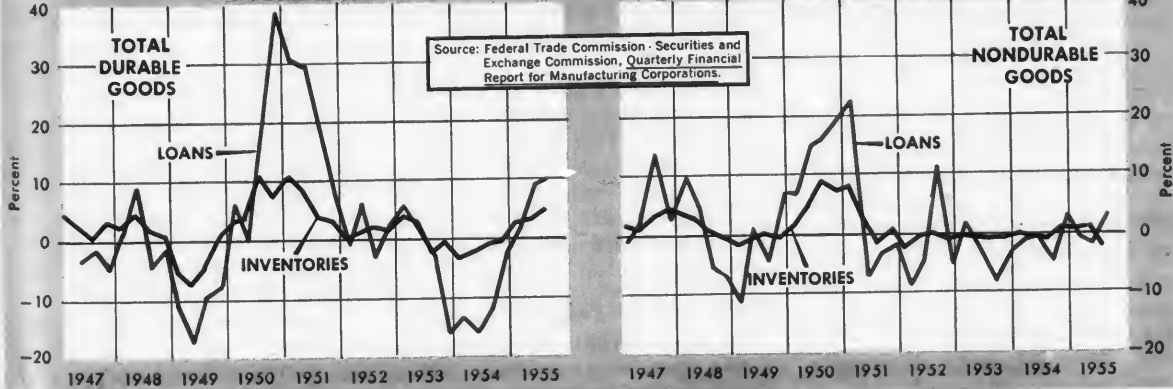
QUARTERLY EXPECTED CHANGES IN INVENTORIES AND ACTUAL CHANGES IN LOANS

CHART III



QUARTERLY CHANGES IN SHORT-TERM BANK LOANS AND INVENTORIES, 1947 - 1955

CHART IV



“Clearly, bankers have at their disposal tools of considerable potential usefulness in anticipating and preparing for cyclical and seasonal changes in business loans.

“If they are used judiciously and seasoned with practical experience, readily available data on business inventories and businessmen’s expectations of future inventory changes can be of practical help to bankers.”

(CONTINUED FROM PAGE 40)

portion of businessmen expecting a shift in one or the other direction, was usually a good indication of the size of the loan swings that subsequently took place. As with all economic forecasting, these expectations data are not infallible and must be combined with good judgment and an awareness of changing business conditions. Nevertheless, it is clear that they can be very useful in helping bankers to anticipate future swings in business loans.

These two charts clearly suggest that, in forecasting the business loan demand for an individual bank, a useful approach would be for the banker to find out what he can about the expected future changes in the inventories of his principal business borrowers, especially in terms of the changes expected in comparison with the level of inventories a year earlier. In many cases, this should give some indication as to what the volume of the bank’s business loans will be in comparison with the previous year.

Effect of Inventory Swings on Loan Volume

The average ratio of short-term bank loans to inventories in manufacturing over the past 10 years was 10%. However, as the level of inventories rose, this ratio went up,

since the proportion of inventories financed by bank borrowings increased. Likewise, when inventories were falling, bank loans dropped more rapidly on a percentage basis.

From Chart IV we can see that during the cyclical expansion of 1950, for example, loans rose about four times as rapidly as inventories for the durable goods industries, while, for the nondurables, they rose slightly more than twice as fast. In terms of absolute amounts, of course, loans do not rise and fall as much as inventories, since not all additions to inventories are financed by bank borrowings.

Remember . . .

When forecasting the demand for business borrowing, it is important to remember the variation in the proportion of inventories financed by loans. A 10% increase in the level of inventories may mean a 15% increase in loans if the economy is at the beginning of a recovery and still has other methods available to finance the purchase of new stock, while it would result in something like a 20% increase in borrowings if the economy were operating at a full production level.

Seasonal Loan Patterns

Seasonal borrowing has proved to be the most important single factor accounting for month-to-month and

quarter-to-quarter fluctuations in business loans. Chart V shows the average monthly percentage change during the period 1947-55 in loans for the 22 manufacturing industries listed by the SEC-FTC, both before and after the data were adjusted for seasonal variation. In nine industries, loan fluctuations would have been reduced by more than half if there had been no seasonal borrowing—and these industries accounted for a major portion of short-term loans to manufacturing.

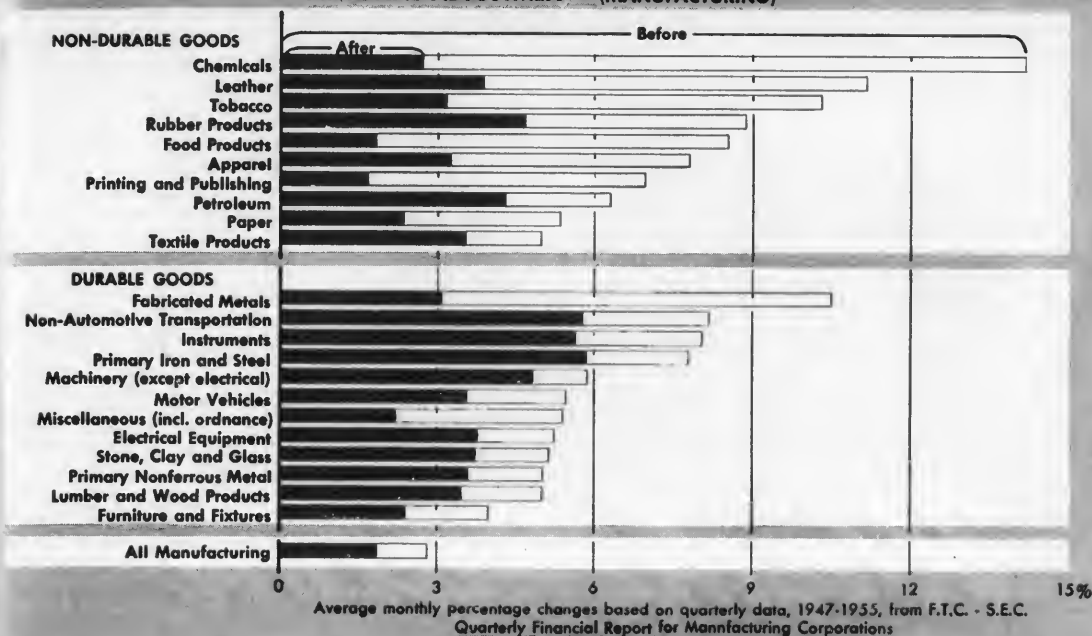
Seasonal Loan, Seasonal Inventory Pattern

As might be expected, seasonal borrowing is most pronounced in industries which have a seasonal inventory pattern. These industries borrow in order to build up their inventories for their peak period, and repay their loans once they deplete their stocks through sales. Thus the seasonal loan pattern and the seasonal inventory pattern are usually similar. Since monthly inventory data are available in much greater detail than monthly loan data, it is often useful to study the inventory pattern of an industry in order to learn something about the seasonal loan fluctuations.

An example of two industries with prominent seasonal inventory and loan patterns is presented in Chart VI. It is evident that the seasonal

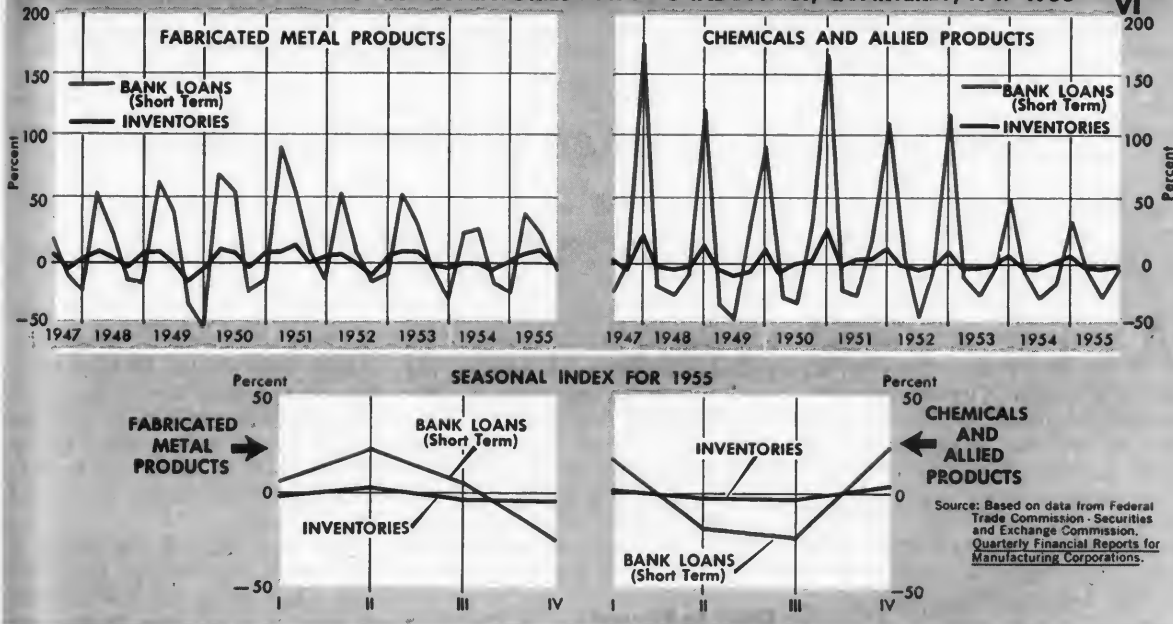
AVERAGE SIZE OF LOAN FLUCTUATIONS BEFORE AND AFTER SEASONAL ADJUSTMENT - (MANUFACTURING)

CHART V



PERCENTAGE CHANGE IN LOANS AND INVENTORIES FOR TWO INDUSTRIES, QUARTERLY, 1947-1955

CHART VI



fluctuations overshadow all other changes in both of these industries. The seasonal indexes (at the bottom of the charts) are quite similar for loans and for inventories. In chemicals, inventories reach their peak in the fourth quarter, and this is also when bank loans to this industry are at their highest. For fabricated metals, inventories and loans reach their peaks in the second quarter.

Considerable Variation

Among different manufacturing industries, seasonal inventory movements, and therefore seasonal borrowing patterns, vary considerably. Grouped together, these fluctuations tend to cancel out and, as a result, for manufacturing as a whole, seasonal borrowing for inventory purposes is not nearly as pronounced as it is for individual industries. On

the other hand, taxes and other seasonal factors that affect all industries at about the same time, exert a greater influence on the seasonal loan pattern when total manufacturing loans are considered.

(Reprints of Miss Eisemann's article can be obtained in reasonable amounts without charge.)



WIDE WORLD

Robert B. Anderson, who has been designated to succeed Secretary Humphrey as head of the Treasury Department

The Coming Change at the Treasury

LAWRENCE STAFFORD and HERBERT BRATTER

ANNOUNCEMENT of the impending retirement from the Treasury of Secretary George M. Humphrey and Under Secretary W. Randolph Burgess gave rise to widespread talk that the incoming regime under the leadership of Robert Anderson would find itself embroiled in a huge financing mess. Asked for comment, Mr. Burgess told **BANKING**: "The important thing to note is that Secretary Humphrey and I, one way or another, will see through the July planning for the August financing. And there is nothing at all horrendous about the job."

Mr. Anderson has been at the Treasury on and off a number of times in May and June, taking the measure of his new assignment. Meanwhile, there have been rumors regarding Mr. Burgess' successor, but no announcement before this article is published.

Commenting on Treasury financ-

ing, Mr. Burgess stated: "Many unduly alarming statements have appeared about the public debt and our problems in its management. We have problems, but we have no crisis." As for the financial ability of Mr. Anderson, Mr. Burgess said: "Bob Anderson is a very able person with a great deal of common sense. I have great confidence in his administration of the Treasury."

Common Elements

Both the retiring and the succeeding Secretaries have at least three common elements in their personal backgrounds. Both were industrialists, both were lawyers, and both headed Canadian companies.

Mr. Anderson at the end of May retired as president of Ventures, Ltd., an over-all Canadian company which is working veritable miracles in opening the mineral wealth of some of Canada's former waste-

lands. George M. Humphrey by zeal, persistence, and the employment of a large imagination and hard work, formed the Iron Ore Company of Canada, which went back into the wastelands of northeastern Quebec and southern Labrador, and brought out some of the richest iron ore of this continent.

Anderson, only 47 last month, is a Texan and a Democrat. He graduated in law and in 1932 was admitted to practice in his state. In the same year, however, he was elected to the Texas legislature and shortly was appointed assistant attorney general of the state. He held various other state posts from time to time over the years. Between 1937 and 1953 when he came into the Federal scene, Mr. Anderson was variously general attorney, then manager of the W. T. Waggoner Estate, Vernon, Tex.

Mr. Anderson has also been a director of the Canadian Bank of

Commerce, the Crown Trust Company, Greenwich Trust Company, and various other companies.

He was chairman of the American Council on NATO, a director of the Committee for Economic Development, of the Special Studies Project for the Rockefeller Brothers Fund, and a member of the Ford Foundation.

President Eisenhower appointed Mr. Anderson Secretary of the Navy in 1953. The following year he promoted him to Deputy Secretary of Defense, a post he left in 1955 to become president of Ventures, Ltd., the Canadian company, with head offices in New York City.

For some time Mr. Anderson was a Class C director of the Federal Reserve Bank of Dallas. In the opinion of monetary authorities in this Capital, Mr. Anderson is thoroughly conversant with the basis of Federal Reserve policy.

One of the best-known former secrets is the high regard which President Eisenhower bears for the personal abilities of the new nominee for Secretary of the Treasury. During those months before the President's intentions with respect to a second term were known, the President often referred in private talks with high officials to Mr. Anderson as a man who was entirely competent to succeed him, Mr. Eisenhower, in the White House.

Anderson Monetary Views

It is asserted that Mr. Anderson holds the same views as to the virtues of sound money as does the retiring Treasury command. By this it is meant that Mr. Anderson will support the Federal Reserve as did his predecessor, in its opposition to creating new bank reserves except for seasonal or other limited needs.

Despite the fact that Secretary Humphrey occasionally disagreed sharply with the Reserve Board over the application of this anti-inflationary policy, Mr. Humphrey, nevertheless, by and large firmly backed the idea of sound money within the councils of the Administration. If Mr. Humphrey was not altogether successful in persuading Mr. Eisenhower to favor a reduction in Federal spending, he was singularly successful, on the other hand, in persuading the President to back Federal Reserve policy.

This is what most observers would readily credit to George Humphrey

as his biggest success as Secretary.

Mr. Humphrey is said to have recruited Mr. Anderson seven months ago to be his possible successor. In other words, Mr. Anderson does not come into office as the choice of the powerful group of Presidential advisers in the White House establishment. Some of the latter are thought to be less than zealots for Federal Reserve policy.

Monetary Hearings

Messrs. Humphrey and Burgess were scheduled as the first witnesses before the Senate Finance Committee hearings on debt management and monetary policy opening June 18. If that committee does not get all the information it wants from the outgoing Treasury leaders, the latter have indicated their readiness to return at any time.

The Democratic leadership in the Senate apparently decided that "hard money" offered a golden opportunity to make some political capital. Republicans close to the subject viewed the coming hearings without apprehension on the grounds that there was no case to be made for the Democratic thesis that the financial policies of the Eisenhower Administration have been a "bust." Rather, say the Republicans, the Senate Finance Committee study will prove to be a bust. In support of the Republican view, the June hearings of the Joint Economic Subcommittee on Taxation, headed by Congressman Wilbur Mills (D., Ark.), are cited. That group heard batteries of economists advise that an inflationary period is not the time to reduce taxes or ease monetary policy.

There is no doubt that financing poses a serious and continuing problem to the Treasury, which must compete with state and local governments, corporations, and others for scarce capital. Indeed, it may be claimed that the problems stem from an unusual condition of extreme prosperity and abundant confidence in the future on the part of business and investors.

It was announced in mid-June that Samuel D. McIlwain, Washington attorney, had been appointed counsel for the committee hearings.

Congress and the Budget

There are signs of an increasingly realistic attitude in Congress toward the budget. For one thing, House Democratic leaders have

abandoned the pretense that Congress was "cutting the budget \$3-billion" and that the House should vote a tax cut effective next January 1.

For another thing, Congress has come tacitly to recognize that extra-budgetary authorizations have a place in the picture. Hitherto, many in Congress have been enjoying newspaper publicity for cutting appropriations while simultaneously moving quietly to offset such "economies" with big boosts in other areas of spending.

Congress cannot achieve substantial economies until it tackles pressure groups frontally and other large areas of governmental cost. If the economy drive seems to have slackened, it is only because many were not aware that the above limiting factors ultimately would stand in the way.

However, Congress has in fact made a start in arresting the *rate of future growth of cost of Government*. True economy faces a long, hard road.

Housing Bill

This omnibus legislation, which requires ironing out of differences in the House and Senate versions, must wait for a conference between representatives of both bodies. The conference may not occur until early July. Meanwhile the legislators are pondering whether to increase the VA's authority to make direct GI loans, where regular guaranteed loans cannot be obtained by veterans. The Senate Banking and Currency Committee has completed its hearings on area redevelopment, but Chairman Spence of the House committee has stated he does not intend to take up this legislation in 1957.

Eximbank Renewal

Congress has passed a 5-year extension of the Eximbank.

Pension Funds

As we go to press, the A.B.A. is preparing to testify on pension funds at the invitation of the Subcommittee on Welfare and Pension Funds of the Senate Committee on Labor and Public Welfare, relative to proposed legislation to require registration and annual reporting by pension and welfare benefit plans. The A.B.A. was called in because many plans are handled by banks as trustees.

Adequacy of Bank Capital

The address delivered in St. Louis by Chairman Earl Cook of the FDIC, dealing with the desirability of banks raising new capital through local stock issues, somehow has given rise in various quarters to the belief that banks have been neglecting to raise new money in this fashion. This, at least, is the impression to be gathered from a reading of some recently published articles. Some close observers of the banking scene point out that such a conclusion is fallacious and not justified by a careful reading of Mr. Cook's speech and examination of the facts. Considerable new capital has been raised by banks in the past several years by new stock offerings.

Data available on national banks show that from 1946 to 1956 inclusive—an 11-year period—1,776 national banks have raised \$1,100,000,000 of new capital through stock offerings. These banks constitute a sizable portion of the country's 4,660 national banks. From 75% to 80% of the 1,776 stock offerings were made following suggestions by national bank examiners. The Comptroller's Office, of course, can make recommendations in this regard but has no power to enforce them. Hence it may be said that almost all the capital issues were entirely voluntary.

But this is not to say that the Comptroller's Office has not been active in bringing the matter of

adequate capital to the national banks' attention.

A decade ago it was not easy to get banks to heed this advice. Many banks then thought that raising capital might be viewed by the public as a sign of banking weakness. But in the early 1950s the movement got started, and since then there has been no problem so far as national banks are concerned. "The toughest nuts to crack," stated one supervisory official, "were those banks which had become undercapitalized through growth and which had paid niggardly dividends. But banks which had paid out 45% to 60% of their earnings were able to raise capital without difficulty; and they could market their stock at prices in much better relation to book value than if they had not done so. It is true that small banks do not have access to the organized capital markets, underwriters, etc. But every small bank has access to its own community."

Of the 1,776 banks mentioned above, about four-fifths are small and medium-sized banks.

Robertson Bill

There seems to be a good likelihood as we write that the House Banking and Currency Committee will this session start hearings on the Financial Institutions Act, which has already passed the Senate. But it appears unlikely that the House committee will complete its con-

sideration this session. Various parts of the bill are controversial as between predominant House and Senate attitudes. Among the controversial items are cumulative voting, savings and loan branching, and the merger provisions. Moreover, a special problem in considering this bill in the House is the fact that some members of the House committee may be unwilling to limit consideration to the subjects covered in the Senate bill.

Retirement Plans

The next annual report of the Comptroller of the Currency will contain some statistics and other information on bank retirement plans. See also page 82 in this issue of BANKING.

Bad Debt Reserves

In their mid-year call reports the Comptroller's Office, the FDIC, and the Federal Reserve Board will call for information on bad debt reserves in cases where banks have such reserves. The purpose is to determine the "loss percentage factor." Under Section 166(c) of the Internal Revenue Code of 1954 banks are allowed to set aside a bad debt reserve based upon their experience during the worst 20-year period since January 1, 1928. The reserve may be three times the average losses for the selected period. Under this flexible system some banks are allowed much larger reserves than other banks in the same community. The situation appears inequitable. On the basis of the information gathered this summer, the supervisory authorities will study the adequacy of the "reserve for bad debts" formula in relation to present day banking requirements.

Those national banks having established reserves for bad debts account for about 92% of national bank loans.

Small Business

Both Congressional banking committees held hearings in June on small business legislation. On June 11 the House Banking and Currency Committee reported out a small business bill which contains provisions backed respectively by the Administration, the House Small Business Committee and the House Banking Committee itself, but not by the A.B.A. The A.B.A., represented by Arthur F. Maxwell, president of the

HAVE YOU SEEN

(1) The address by H. E. Cook, chairman of the Federal Deposit Insurance Corp., before the Illinois Bankers Association, St. Louis, Mo., on the relation of more liberal dividends to the possibility of raising more bank capital. Write to Mr. Cook at the FDIC, Washington 25, D. C., for a copy.

* * *

(2) *Housing for the Elderly*, a booklet issued by the Federal Housing Administration, describing the terms of mortgages which FHA may issue for housing the elderly. Write to the Superintendent of Documents, Government Printing Office, Washington 25, D. C., enclosing 15 cents.

* * *

(3) An analysis of the types of real estate property subject to local taxation, "the financial mainstay of local Government in the United States." These figures are from the 1957 *Census of Governments*. Write to the Census Bureau, Washington 25, D. C., enclosing 10 cents, and ask for a copy of *Real Estate Assessments in the United States*.

* * *

(4) An appraisal of the economic outlook based on soundings of economists in Government, and others from business, universities, and research organizations. Write to the Joint Economic Committee, Senate Office Bldg., Washington, D. C., for the "staff memorandum" of May 23, 1956.

National Bank of Biddeford, Me., and a member of the Association's Credit Policy Commission, testified before both House and Senate committees against continuing SBA.

The House Banking and Currency Committee bill as now adopted by that group would change existing law by making the Small Business Administration a permanent agency. It would increase the SBA's authority to lend to small business from \$230,000,000 to \$500,000,000. For procurement purposes the bill would set up a more flexible definition of "small business"; instead of the present limitation of 500 employees, any business employing from 250 to

1,000 persons would be deemed "small," unless the Small Business Administrator provides an alternative definition within 30 days of the bill's enactment. In another section the bill would reduce from 6% to 5% the maximum interest rate charged on SBA loans or participations in loans.

At press time the Senate Banking and Currency Committee is still in the midst of hearing a variety of small business proposals, including advocates of the Thyne Bill (S.1789). Among these is the proposal—already approved by the House Banking Committee—to abolish SBA's loan policy board. In the board's

place there would be created a committee composed of the Secretaries of Commerce, Agriculture and Treasury and several businessmen.

The Senate hearings have brought out old proposals to create a system of national capital banks, the stock of which would be subscribed by the Federal Reserve banks. There would be not more than one such bank in each state. Each such bank, chartered and regulated by the Federal Reserve System, would have fairly broad powers to furnish long-term business loans and equity capital. Eventually, commercial banks and private persons would acquire ownership of the capital banks.

Alien Property—A Persistent Issue

POWERFUL lobbies keep the alien property issue a live one in American politics. Previous Congresses thought that the matter of what to do with the vested property of enemy aliens had been settled once and for all.

Yet foreign interests — chiefly German—are as active as ever in pressing the U. S. Government for "justice." They want all vested property, or, where that has been sold, its monetary equivalent returned. Aiding the foreign interests is a battery of American lawyers, lobbyists, influence men, and public relations experts working for substantial fees. Some Americans with professional interest in the return of vested alien property occupy important places of influence in the councils of the two big political parties, which get financial support from groups with axes to grind. Minority groups of voters are also in the picture. Sixty-three bills relating to the War Claims Act of 1948 and the Trading with the Enemy Act were introduced in the last Congress.

CONGRESSIONAL and privately issued literature on the alien property question is profuse and utterly confusing. The issue is clouded with obfuscation, errors, misstatements, and misplaced emotion. Among the *dramatis personae* are prominent Senators, diplomats, well known German industrial firms, German Chancellor Adenauer, and even President Eisenhower. At stake is the fate of such valuable properties

as the General Aniline & Film Corp.

All Axis vested properties, with accretions, are valued at \$612,000,000, of which 76% were German-owned and 17%, Japanese. Some \$50,000,000 has been used up in administration costs. Another \$225,000,000 has been expended to meet war claims of U. S. citizens. In 1954, as a political gesture to Chancellor Adenauer, President Eisenhower expressed sympathy with Germans of small means for whom loss of the vested property was said to represent a hardship. Accordingly, an Administration bill, later revised, has been introduced to return to former owners who are individuals vested property up to a maximum of \$10,000 each. Others want Congress to return all the property we vested. Still others oppose any return, and to date these have been in the majority.

GENERAL Aniline is, of course, the biggest prize. A Swiss concern, Interhandel, claims to be the true owner of the vested General Aniline shares. The Justice Department is convinced that the true owners were the I. G. Farben firm of Frankfurt. IG's last annual report expressed an interest in the General Aniline case and mentioned a claim against Interhandel. Certain Swiss shareholders of Interhandel also have sought to intervene in the matter in the courts here. They have temporarily blocked a sale by the Alien Property Office of General Aniline shares, previously

cleared through the courts, including the Supreme Court.

The Committee for Return of Confiscated German and Japanese Property told the Democratic platform committee return "would uphold American tradition; allay German and Japanese grievances." Rep. Robert Hale says: "After World War I the Congress . . . returned all of the privately owned German property." Sen. Olin D. Johnston and Sen. Dirksen want all vested German and Japanese property returned, as was the Italian. But Sen. George Smathers, naming the lawyers and lobbyists, warns the Congress to avoid "the same booby traps" which snared it in the Twenties.

OTHERS oppose a \$600,000,000 handout to Germany and Japan as a violation of the 1946 Paris reparations agreement. There we persuaded our allies to limit reparations to alien properties seized in their own countries. Assistant Attorney General Dallas Townsend understandably supports the Administration bill but resists full return as bestowing "tremendous windfalls . . . on firms which helped build the Nazi regime and sustained its war machine" and saddling U. S. taxpayers with burdens the German and Japanese Governments assumed by explicit agreement. As precedent for nonreturn, he cites the 20% of World War I seizures never given back to Germany.

Fed by such arguments, the debate in Washington waxes warm.

HERBERT BRATTER

"COLLEGE DAY"

Deans and professors are hearing about bank career opportunities at conferences in Reserve cities across the country. And the bankers get some good suggestions for strengthening campus recruitment programs. The idea originated in Memphis

A NEW kind of school appeared a few months ago, and it made good immediately.

The informal sessions last just a day. Students, for a change, are professional educators. Bankers do the teaching. However, the airing of views is so free and flexible that it's often hard to decide who's teaching whom. Anyway, both sides benefit.

The idea, sponsored by the Association of Reserve City Bankers, which borrowed it from the First National Bank of Memphis, has different names in different places: "College Day," "College Conference Day," "Career Opportunities in Banking," "Banker-Educator Day."

One catchy label is "Future Unlimited," title of the A.B.A.'s career film.

Whatever its name, the program brings bankers and college-university representatives together informally, at the Reserve City banks' invitation, for the purpose of enlisting the educators' active aid in steering young graduates to bank jobs.

Banking Is "Upgraded" on the Campus

College officials attending these meetings in Reserve cities have said they hadn't realized that today's bank job market is so active and

attractive, that banking is really a profession, and that it can compete with industry's offers to the young person. Thanks to "College Day," it seems, there has been a substantial upgrading—on many campuses, at least—of the bank as a good place to work. One educator exclaimed, "What's happened to banks? We had no idea banks were taking the approach yours are taking in the development of young men."

The latest statistical roundup on the program showed that 24 meetings had been held, attended by 655 deans, department heads and professors from 231 colleges and universities. More conferences have taken place since that report, so the actual totals are now considerably higher. Other meetings, including one in New York City, are scheduled for later in the year.

Banker reactions indicate that the program is highly successful from the banks' standpoint, too. A Fort Worth executive reported: "We have had a steady stream of applicants from colleges which sent representatives to our conference, and we feel banks are better known on the cam-



A "College Day" discussion on trust investment analysis led by Henry Hagner of the Fifth Third Union Trust Company, Cincinnati, assisted by Leonard Bolling of the same bank; Harry Harshman and Walter Zebrak, Central Trust; and Perry B. Wydam and Linden Sahlfeld of First National

at the Banks

JOHN L. COOLEY

pus." A Cleveland banker said "the favorable reaction was much more than we had anticipated," and one in Chicago remarked, "Now that the ball is rolling, I'd like to see it kept moving."

The Conference Pattern

Although the Association of Reserve City Bankers suggested no rigid formula, a fairly definite conference pattern has emerged. In some instances one bank sponsors the meeting, but usually all the ARCB members in a city, or indeed the entire clearing house, cooperate. Edward D. Smith, president of the First National Bank of Atlanta, directed the program during the past year when he was chairman of the association's Subcommittee on Recruitment and Training of Personnel in Banks.

In general the conferences range from one-half to a full day in length, some with dinner the preceding evening. There's always a lunch on Conference Day, and frequently a social hour. The host bank (or banks) picks up the check.

Bank participants are senior officers, personnel directors, and several young college graduate trainees who tell the deans and professors about their progress in the banking business, and how they like being junior executives who are "going places." These presentations seem to impress the folks from the campus—that fellow Jones, who "didn't know what he wanted to do until the last minute at college," is now on the way to being a VIP. And how about that salary!

Each program includes a number of talks on the banking business: operations and problems are outlined, with emphasis, you may be sure, on the opportunities open to the man with a college degree, and on the banks' desire to recruit from

Ben H. Wooten, left, president of the First National Bank, Dallas, and Dr. J. C. Matthews, president of North Texas State College, pause for a coffee break in bank's cafeteria during the educator-banker conference in Dallas



each successive output of graduates. The college people have a chance to talk, too, and from them the bankers have received pointers that should sharpen recruitment efforts. Thus the result is a highly productive exploration of ground that seems to have been rather incompletely charted.

The conference finds time, as a rule, for a tour of one or more banks. Some educators have enthused about this feature, remarking it was the first time they'd been behind the scenes, and commenting on the enlightenment provided by the trip. Often, too, an educational film, like "Future Unlimited," is shown.

The Educators' Contributions

From the reports and letters received by Mr. Smith, BANKING has culled a sampling of the educators' comments and suggestions. These are particularly valuable for their accurate reflection of attitudes toward bank work, for their intelligent, cooperative approach to the banks' campus recruitment activities, and for their broad reflection of

"outside" reactions to the changes that have come in the banking business. At these conferences, remember, bankers are not talking to each other, but to people who can influence the career decisions of many young people—potential executives, let's say.

Thus the opinions of the professors, deans and placement officers merit careful attention. So do their questions.

One query that pops up invariably at these conferences is, "What's the starting salary?" The answer, in one case at least, went like this: Although bank salaries in this city are not as high as some other businesses pay, it takes time for a graduate to be of much value; his production doesn't start as quickly as does an engineer's, for instance. But salary opportunities are excellent for the capable man, and in a few years he'll be even with, if not ahead of, men in other lines who may have had higher starting salaries. And of course in many larger banks the beginner is paid as well as his classmate who went elsewhere for a job.

Other popular questions are: How rapid is the advancement? What training programs are available? What material do the banks have that will spell out for the undergraduate the advantages of a banking career? Are the banks interested in men with liberal arts background as well as business administration schooling?

Adequate answers to questions like these go far, obviously, toward enlisting the aid of educators as recruiters for banks.

"That's a Good Suggestion"

The deans and professors have useful suggestions, too. Here are some:

- Banks should send recruiting teams to the campuses to see the students and give them literature about banking. Preferably, send at least one recruiter who's a graduate of the school.

- Don't limit your recruiting to seniors; go after the juniors and sophomores, too.

- Some educators believe the banks should start in the high schools; many students choose careers before entering college.

- Knowledge of bank training programs, the educators feel, will help tell the banking story to college seniors. Some also want to know what the chances are that a trainee will "get stuck" in an assignment without an opportunity to continue his general banking education.

- Bankers are urged to tell students about the opportunities. In this connection, the educators pointed out, "success stories" of re-



Edward D. Smith, president, First National Bank of Atlanta, headed the Association of Reserve City Bankers subcommittee that activated the banker-education conference program

cent graduates are always a big help. One professor attending a conference heard a panel of young executives describe their experiences, and then said that if the banks would take the group to his campus he'd have no trouble interesting several young men in the banking business.

- There have also been suggestions for written, detailed studies of bank jobs, salaries, prospects, etc., for distribution to students on the campus.

- "Get to know the students" is another point. Tell the young people you're coming to talk with them about jobs.

Numerous banks, of course, do some or all of these things. But the

fact that college people offered these and similar constructive suggestions indicates that the saturation point has hardly been reached.

How "College Day" Started

Slightly more than a year ago officers of the First National Bank of Memphis invited several college officers in the Mid-South to an all-day conference at the bank. The objective was to point out that banking these days offers a real career; the hope was that the school representatives would go back and tell their seniors about it.

The results, Executive Vice-president Allen Morgan has said, were more favorable, more far-reaching than the bank had dared to hope. New friendships were made, new viewpoints established, new opportunities created — opportunities for the bank to sell itself, indirectly, to the young people.

Mr. Morgan, who was chairman of ARCB's public relations committee, was quoted some months later in *BANKING* as saying: "Where once we rarely had employment applications from college graduates, now we are up to our ears in them." He suggested that banks elsewhere might well try similar experiments.

Through the Association of Reserve City Bankers, the Memphis ideas were welded into a plan of action. Mr. Smith was commissioned to draft the program and plans were made for the "College Day" program you've just been reading about.

(For thumbnail reports on "College Day" in several cities, see the next two pages.)



Five of the First National Bank in St. Louis' junior officers explained their duties and described the bank's training program to the educators. *L. to r.*, Kenneth H. Brune, assistant vice-president and manager, industrial service department; William W. Spivy, assistant cashier; Jefferson L. Miller and Oren F. Miller, Jr., assistant vice-presidents; and Lester H. Grigsby, representative of the new business department. Moderator was C. Arthur Hemminger, vice-president and public relations director

The Campus Comes to the Bank

Details on "College Day" Conferences

ALTHOUGH the banker-educator conferences are sponsored by members of the Association of Reserve City Bankers in many of the Reserve cities, banks elsewhere may be interested in conducting similar meetings. Here are some organizational and procedural details.

ARCB members mail invitations to the colleges and universities in the Reserve City area. There is a covering letter by the conference chairman, who represents the association. He explains the purpose—promotion of banking's career potential—outlines the program, extends a cordial welcome, and usually notes that the bill for the day is "on us."

Meeting places vary: often it's a bank's board room or auditorium, but sometimes a club or a hotel. In some cities where the program is expected to become an annual affair the ARCB members will take turns as hosts. Generally a printed or mimeographed program is prepared.

Now for thumbnail reports on several 1957 meetings.

FORT WORTH

Hosts: The Fort Worth National Bank, First National Bank of Fort Worth, Continental National Bank.

Features: Tours of all the host banks; lunch in their dining rooms; brief case histories of the college graduates now employed by the Fort Worth banks.

INDIANAPOLIS

Hosts: The Indiana National Bank, American Fletcher National Bank and Trust Company, Merchants National Bank and Trust Company.

Features: A research report by Dr. Harry C. Sauvain of Indiana University on Indiana financial institutions suggested a bright future in banking for college men. In the tour of the banks emphasis was on the changes in their physical plants and personnel policies. Advantages of college training in the credit and trust areas were stressed. A panel of bank presidents talked on starting salaries, advancement, training, fringe benefits.

LOUISVILLE

Hosts: Citizens Fidelity Bank & Trust Company, First National Bank-Kentucky Trust Company, Liberty National Bank & Trust Company, Louisville Trust Company.

Features: The conference met at all the banks in turn and heard talks by the college graduates in each.

One guest asked that the talks be sent to the colleges in pamphlet for distribution to undergraduates.

PORTLAND, OREG.

Hosts: The First National Bank, Portland Trust Company, Bank of California, United States National.

Features: Tours of the banks; panel presentation by eight young men who had graduated from the colleges in the last eight years. Each gave a short talk on his bank experience. A question period followed.

SAN FRANCISCO

Hosts: American Trust Company, Bank of America, First Western Bank & Trust Company, Bank of California, Wells Fargo Bank, Crocker-Anglo National.

Features: Showing of A.B.A. film "Future Unlimited." Panel of top level bankers and educators. Talk by S. Clark Beise, president, Bank of America, on "We Need Your Help."

CINCINNATI

Hosts: First National Bank, Fifth Third Union Trust Company, Central Trust Company.

Features: Talk by a young officer of the First National, Perry B. Wydam, in the form of a "This Is My Life" presentation. The day's program was arranged as round table discussions; educators attended the one of their choice. Each meeting was led by a banker specialist, all the banks being well represented in the series. College graduates from the banks' training programs were invited to the informal lunch, and the educators had a chance to chat with them.

BIRMINGHAM

Hosts: First National Bank, Birmingham Trust National Bank; 14 of the larger banks in the state and the Alabama Bankers Association participated.

Features: Ten 10-minute talks by bankers and educators. Banker panel on the banks' need for college trainees. At the luncheon six graduates talked about their bank work.

DALLAS

Hosts: Republic National, First National, Mercantile National, Texas Bank & Trust Company.

Features: The conference was divided into four areas of banking, each bank taking charge of one: loans and investments, trust service, new business and public relations, and operations. The guests toured the bank

Fred M. Naber, Chicago area Reserve City Bankers head, and senior vice-president, Continental Illinois Bank, welcomes the educators at the Chicago college-bank seminar



department covered by their section. Bus transportation from bank to bank was provided. Each guest received a brief case and a pen and pencil set.

OMAHA

Hosts: United States National Bank, Omaha National Bank, First National Bank.

Features: Showing of "Future Unlimited"; panel on "Banking as a Career" headed by an educator, with bankers the participants.

CHICAGO

Host: Conference at Continental Illinois National Bank & Trust Company, but all banks in the Chicago area participated.

Features: Talks by leading Chicago bankers on lending practices, financing business, monetary policy, bank investment. In addition to bank tours there were individual conferences with department officers, and a panel of six young men from various banks discussing banking as a career.

CLEVELAND

Host: The National City Bank of Cleveland.

Features: Bankers talked on salary ranges, advancement. Each of 10 young men recruited from area colleges told the story of his progress at the bank.

PITTSBURGH

Host: Mellon National Bank and Trust Company.

Features: Guests divided into four small groups for informal discussion of bank's training program and review of opportunities for college men, salaries, etc. Talks by two of last year's college trainees. It was pointed out that Mellon was being used only as an example. Chief executive officers of the other Pittsburgh ARCB member banks were invited to the dinner.

MEMPHIS

Hosts: The First National Bank, Union Planters National, National Bank of Commerce.

Features: Sessions held consecutively at each bank, with talks by college men on staffs. College men praised the high calibre of young graduates.

HOUSTON

Host: Texas National Bank.

Features: A tour of the bank, with college trainees as guides. Emphasis was on changes in the growth of

banking. The college men gave reports on their work.

COLUMBUS

Hosts: Ohio National Bank, Huntington National, City National.

Features: Conference divided into groups, each bank taking one, for tours, sales talk on banks' need for college graduates. The younger officers explained their training and answered questions.

SIOUX CITY

Hosts: The clearing house association: First National, Live Stock National, Morningside Savings, Morningside State, Woodbury County Savings, Toy National, Security National.

Features: Trip through the clearing house while it was at work. Talks on qualities of a banker, college men and country banks, need for young officers, the American Institute of Banking's educational program. The conference proceedings were recorded and a transcript was sent to each guest.

ST. LOUIS

Host: First National Bank in St. Louis, with Boatmen's National Bank, Mercantile Trust Company participating.

Features: Workshop sessions addressed by bankers from the participating banks heard career opportunities emphasized. Speakers included William Powers, A.B.A. senior deputy manager and secretary of the Committee on Executive Development.

CHARLOTTE, N. C.

Hosts: American Trust Company, Commercial National Bank, Union National Bank, Wachovia Bank and Trust Company.

Features: "Future Unlimited"; talks by three young officers to show the scope of the training; tours of bank departments; panel on "What Bankers Look for and How They Look for It," and summary of banking opportunities.

BOSTON

Hosts: Banks of the Boston Clearing House Association.

Features: Six young men from different banks and colleges talked on their job experience. At lunch, bankers sat at each table as hosts. Later the guests toured Boston banks. Motion pictures taken during a "college banker" panel were shown on Boston TV that evening. The program also had radio publicity.

School Bank Teaches Pride in Free Enterprise

JULIA L. COLBERT

JULIA L. COLBERT is a mathematics and music teacher at Harry E. Wood High School in Indianapolis, Ind. An Indianapolis native, she has taught in the city's public schools for 38 years.

THE six members of the bank's board of directors presented a rather unorthodox picture as they sat around the huge table pondering how to attract more depositors.

The president wore blue jeans and an open-necked sport shirt that wasn't tucked in. The first vice-president sported a flat-top haircut, and the secretary of the board wiggled a pair of bobby socks and loafers under her chair. Each mem-

ber was 16 or 17 years old and was helping to direct the Harry E. Wood High School Bank in Indianapolis, Ind.

Founded nearly 30 years ago as an elementary school class project, the unique bank now boasts nearly 1,000 accounts and has its own checks negotiable within the school. Its organizational framework is the same as that of any large American bank and, except for the lack of a loan department and charter, it has all the functions of a chartered bank.

Its directors may not dress quite as conservatively as their adult counterparts, but they take their jobs just as seriously. Their bank has become a respected part of the community and has reached into hundreds of homes to provide a closer tie between the school and parents.

Harry E. Wood High School students line up at their own bank to deposit or withdraw funds. Courteous fellow-students man the tellers' windows. Both depositors and employees of the bank learn the role a bank plays in any community



Julia L. Colbert

Harry E. Wood High School is located in a section of Indianapolis where bank accounts are few and far between. Most of the students there make their first contact with banking procedures through the school bank. Even their parents, in many cases, have never had a bank account.

That's why these children beam with pride when they show their parents their new passbook with its first entry, even though that entry may be only a nickel or dime.

It was inevitable from the very beginning that the bank should reach into the homes. Parents liked the idea of their children learning to save, and they encouraged them to keep building their accounts.

Some parents began using the bank themselves—through the children. This came to light one day when a small boy commented as he signed a check: "Mother wants her rent money."

The boy's mother, bank officials learned, has been giving him the rent money to deposit each month until it came due. "That way she's not tempted to spend it," he explained.

Another mother got her first lesson on the passbook system when she sent her daughter to school with a note asking for a much larger withdrawal than the balance showed.

When bank officials asked the girl why her mother thought she had that much money in the bank, the girl pointed to the balance column and said, "Mother added these num-

(CONTINUED ON PAGE 149)

METHODS and IDEAS

Bank Automation

A THREE-DAY Cleveland meeting devoted to automation and electronic data processing in banking convinced 750 bankers that data processing equipment now being developed is not a mysterious futuristic method of operating a bank, but rather a highly useful tool that will enable banks to handle an ever-increasing volume within the limits of the manpower available. The occasion was the 8th Northern Regional Convention of the National Association of Bank Auditors and Comptrollers.

While not all speakers agreed in every detail and while it was possible to find support for your own pet opinions in the words of one or more of the speakers, the great majority of delegates were able to obtain answers or opinions on questions of primary concern to all bankers.

In the answers to the questions which follow, the opinions of the speakers have at times been paraphrased but, where possible, direct quotations are given with the last

FORDE STEELE

name of the speaker in parentheses preceding the direct quotation. The participants are listed on page 55.

Why should bankers become familiar with EDP (Electronic Data Processing)?

(GELBACH) "I need not tell you of the mounting costs of doing business. . . . then, too, there is the serious problem we face in attracting adequate and qualified personnel to handle our expanding volume of operations." . . . "you men and women, in considering methods and machines to exploit the full advantages of completely automatic or semiautomatic equipment—hold the key that could well provide a needed solution to the serious problems of increasing costs and the shortage of personnel."

How much "automation" for smaller banks?

(STEELE) "There seems to be no

doubt that IBM, Burroughs, General Electric, National Cash, Remington Rand, and other companies will be able to devise completely integrated electric data processing systems which will be able to handle the checking account bookkeeping for banks with as few as 8,000 to 10,000 accounts. Some experts push the lower figure down to 5,000. The same systems will probably be able also to handle some of the other accounting jobs in banks with this number of accounts. Such banks are usually in the \$20,000,000 to \$25,000,000 class or larger.

"What, then, will be available for banks under \$25,000,000? Of course, the already announced NCR Postronic and Burroughs Sensitronic will provide a measure of automation for banks that now need two or more conventional bookkeeping machines. It is also quite possible that paper check sorters can be manufactured at a low enough price to justify their acquisition by banks with as few as 3,000 to 4,000 checking accounts. For banks any smaller than this, generally under \$10,000,000 in total assets, it will be many years before anything more sophisticated than semiautomatic posting machines are available on a practical economic basis."

(GELBACH) "There is an excellent opportunity for the Reserve City banks to prove most helpful in assisting their correspondent banks to realize some of the benefits of automation. This assistance can take several forms. For one thing, the counsel of experienced methods analysts in the large banks can be

At the Cleveland Conference which dealt with the subject of bank automation and electronic data processing



made available to the not-so-large banks; then there is the possibility of the larger banks making time available on their equipment for the processing of transactions for their correspondent banks . . ."

How can the smaller banks gain the advantages of large-scale EDP?

(GELBACH) ". . . I have heard of a proposal which would appear to merit attention. The idea is advanced for the formation of local automation committees on a city or county basis with each bank represented thereon."

(STEELE) "The practical approach to this problem would be for county bankers associations to encourage their members to appoint an electronics representative to a committee which would start a study program to determine the feasibility of a central electronic accounting service. Such a committee, through its investigations, could accomplish much by disseminating information to the member banks."

"County associations through their electronic committees could profit greatly by cooperating with the NABAC electronic research program. In fact a formal program backed by the management of all banks in a given geographic area would make an excellent research project for the exploration of the possibility of establishing a central data processing center."

Will expensive feasibility and programing studies be required?

(STEELE) "While a feasibility study of some magnitude will always be required, in many respects we in the banking business are very fortunate. Several of the major office equipment manufacturers are devoting their efforts to the building of electronic systems to handle specific bank applications such as checking account bookkeeping. If banks are willing to adopt the standard equipment and the standard system for which the equipment is designed, it will not be necessary for us to go through the months of detailed study and programing which has been required of industrial companies and of banks which have installed general purpose computers."

"It is entirely possible that the cost and complexity of fully automatic equipment will tend to reduce the variations in bank systems. If

The Conference Participants

MORRISON, MARTIN, vice-president Federal Reserve Bank of Cleveland, general chairman.

GELBACH, LORING L., president, Central National Bank of Cleveland, address of welcome.

BOMAR, STEVE H., president, NABAC, response.

STEELE, FORDE, vice-president, Central National Bank of Cleveland.

FENDRICH, ROBERT E., research officer, The Howard Savings Institution, Newark, N. J.

WESTHOFF, JOHN E., assistant comptroller, First National Bank of Minneapolis.

ROLOFF, CHARLES A., assistant vice-president, First National Bank of Milwaukee.

ERICKSON, L. A., vice-president, First National City Bank, New York.

HULTON, JOHN W., assistant trust operations officer, First Pennsylvania

Banking & Trust Co., Philadelphia.

ZIPF, A. R., assistant vice-president, Bank of America, San Francisco.

WALKER, ROBERT, Walker & Van Halen, Inc., Cleveland.

SHIPLEY, EDWARD T., auditor, Wachovia Bank & Trust Co., Winston-Salem, N. C.

BREWER, FERDINAND, second vice-president, Guaranty Trust Company, New York.

KOLB, RAYMOND C., assistant vice-president, Mellon National Bank & Trust Co., Pittsburgh.

KLINE, FRANK W., assistant treasurer, The Western Savings Fund Society, Philadelphia.

MCGAUGHEY, LAWRENCE, Arthur Anderson and Company, Cleveland.

ROHLF, H. J., chairman, NABAC Automation Committee, vice-president, Mercantile Trust Co., St. Louis.

this occurs, automation will have accomplished something that bank systems men have not been able to bring about over a great number of years."

However, for some time to come, it will be necessary for banks which wish to set up EDP systems for accounting functions other than commercial bookkeeping to do their own research and programing work.

Why are commercial bankers giving primary attention to the automation of checking account bookkeeping?

The large number of repetitive

transactions which are required to justify an electronic data processing system can be found only in the bookkeeping departments of most banks. Only in the very large banks of the country do other accounting functions provide a sufficient number of repetitive and similar transactions to justify the use of electronic data processing equipment.

When will large-scale commercial bookkeeping systems be feasible?

While none of the speakers was authorized to speak for the equipment companies, there seemed to be general agreement that it would be

A conference panel, l. to r., John Westhoff, First National Bank, Minneapolis; Robert Fendrich, Howard Institution for Savings, Newark, N. J.; George Erhardt, The Hanover Bank, New York; Forde Steele, Central National Bank of Cleveland; Martin Morrison, Federal Reserve Bank of Cleveland, chairman of the conference



3 to 5 years before full-scale electronic data processing systems would be in use by more than a few experimental banks.

Is it feasible to install a computer for checking accounts before practical character reading equipment is available?

(ZIFF) "I see no way of economically justifying a system which requires a separate and distinct additional manual operation to depress keys for amount or account number as a condition precedent to entering the system. This leads to the obvious conclusion that all the information necessary for later handling be preprinted on the check, with the exception, of course, of the amount, which is added as a by-product of the first necessary operation following receipt of the deposit—usually the proof operation."

How effective will paper check reading machines be?

(HULTON) "While we do not anticipate a machine in the near future that will be able to read all checks, regardless of condition, we have seen evidence in the Bank-O-Matic and Todd Sorter that machines can do a remarkable job in this regard and we have no qualms regarding equipment being built to encode or read coded documents."

At what point in the operation will the amount be encoded on checks?

Contrary to the popular opinion that the amount will be encoded on checks at the time checks are processed through the proof machine, (HULTON) "it is contemplated that 'on us' items coming through the exchange plus 'on us' checks cashed and 'cash only' deposits will not be processed through proof machines, as in the past. In fact, some consideration is being given to bypassing the proof machines with certain types of deposits. A new division will be set up composed of encoding machines with their respective operators."

How many encoders will be required?

(HULTON) "It is anticipated that, due to volume, a number of encoders will be required. . . . For instance, for a volume averaging 100,000 checks and 24,000 deposits per day, it is contemplated that approximately 20 machines will be required. These machines will be utilized in varying quantities during two shifts, and possibly three. All 20 would be used during the day shift, 15 on the twilight shift, and possibly 10 on the midnight shift. . . ."

"This quantity might be reduced as more previously coded checks are received."

Where is the money savings in automatic checking account bookkeeping?

(STEELE) "As much as 35% or 40% of a bookkeeper's time can be spent rough sorting, fine sorting and filing checks."

"... It is quite possible that the major cost-savings possibilities are in the paper handling area, and that many banks may find that significant savings can be realized by numbering their accounts, imprinting their checks with magnetic ink account numbers, and using the character recognition sorters."

Will smaller banks be able to afford to use automatic check sorters?

There are some indications that workable sorters operating in the 600 to 1,000 checks per minute speed range can be manufactured and sold for around \$25,000. If this is true, smaller banks may find that (HULTON) "by having a simple economic process for precoding information such as the routing number, A.B.A. number, and account number, banks not considering large-scale computers can afford to prepare their checks in order to take advantage of sorters and listing equipment."

Should a bank number checking accounts before deciding upon the equipment which will be used?

Ideally, an account numbering system should not be selected until the equipment which is to be used has been selected. Because of the delivery time requirements for equipment which can be ordered at this time, it would seem that a safe decision would be not to select a numbering system until the make of equipment has been determined.

The real problem in account numbering is discovered when a bank wants to use an interim system of check processing and bookkeeping until a more advanced design of equipment is available. (ERICKSON) "If a numbering system is evolved that will be satisfactory to the interim as well as a more advanced system, considerable expense, procedural and form changes, and customer annoyance may be avoided." . . . "Manufacturers of electronic equipment are not yet in a position to say what or when various pieces of equipment, other than computers, are to be available, and it follows that the cost of this equipment is

Electronic Bookkeeping at Work

FROM J. N. Raleigh, assistant vice-president, The United States National Bank, Portland, Ore., comes a progress report on the electronic bookkeeping system introduced by that bank. It was described in *BANKING* for February ("Electronic Check Posting") and March ("Simpler Statements and Service Charges Through Automation").

"SONIA, The United States National Bank's system of numeric integrated accounting," Mr. Raleigh writes, "has now been in operation for over a year. It was on May 1, 1956, that Sheridan Branch started using this newest system of posting checking accounts electronically."

"Viewed strictly as an experiment at the time, SONIA has proved her worth in actual operation. The system has now been expanded to include five small branches. In one of these the general ledger is also being posted electronically. Conversion has been remarkably simple, and traditional bookkeeping

problems have been practically forgotten.

"By midsummer we hope to have all branches in the City of Salem, 50 miles from the Portland processing center, converted to SONIA. Ultimately 100,000 accounts will be posted this modern way."

"Of these, about 40,000 have been numbered, and work is proceeding rapidly on the rest."

"Streamlined statements have been well received. This new type seems to worry bankers the most; so far customers don't appear to share the apprehension. In fact, many have voluntarily remarked that they prefer it to the old."

"We certainly don't claim that SONIA is the ultimate in bookkeeping automation. As an interim step, however, SONIA appears capable of smoothing out the bookkeeping operation at substantially lower cost than present methods."

also unknown. Accordingly, it is difficult to appraise any program or complete plans which would necessarily include account number. Until these things are known, you may experience considerable frustration in your attempts to crystallize your ideas on the subject for, unfortunately, account numbering is a consideration in various steps of check processing and bookkeeping procedures."

Will it be feasible to use a computer system for several types of bank accounting in addition to commercial bookkeeping?

(ZIFF) "An application with the wide fluctuation and activity of commercial deposit accounting, coupled with the problems of working within stringent reclamation periods and the requirement to complete the entire job every day, is not the type of application I would like to see coupled with a variety of others on a large-scale system. One of the most serious errors commonly made in evaluating computing equipment results from overoptimism concerning 'good operating time' and setup time between applications. In scheduling a recurring daily operation, the extremes in down-time are often far more important than the average down-time and the practical setup time is far more important than the theoretical setup time.

"... In view of these considerations, I have a strong personal preference to have the bookkeeping operation stand alone, rather than consider a variety of applications, one of which was commercial deposit accounting."

When will magnetic ink reading equipment be in operation?

While no specific estimates were made and none of the experts, either on the program or in attendance, would permit himself to be quoted, there seemed to be some guessing that the first practical magnetic ink character recognition equipment may be in operation sometime late in 1958, or early in 1959."

What form should customer statements take?

(ZIFF) "Probably the single most controversial subject in the entire bookkeeping area is a statement format. The so-called bob-tail or condensed statement is received with varying degrees of approbation or

condemnation. It appears not unreasonable to believe that two or more statement modes of operation may be employed within the same system on a continuing basis. For example—condensed statement for . . . special checking account and detailed statements or a combination of follow sheets and detailed statements for business accounts. . . . It is obvious that, if provision is made for detailed statements, the alternative of changing to condensed statements is always available."

Is it necessary to have "on line" random access to balances?

(ZIFF) "One of the most controversial points to be considered is the 'necessity' for 'on line' random access to balances. By conventional procedures we have random access to balances through individual ledger sheets and it, therefore, is frequently considered to be a necessity. However, upon reference to the ledger it is common to quote the last balance appearing on the statement which, at least during the early part of the day, is the balance at the close of the previous day's business . . .

"Assuming at the end of the day we print a status report showing only account number, balance, and a single digit to indicate the existence of a stop-payment or a hold (thus directing you to a file containing the detailed information for stop or hold), the status reports can be produced in multiple copies to provide ready reference to balances throughout the following day."

(HULTON) "We are planning to process the work in random sequence as received. After the sorter-readers have completed the read-in function,



Students at St. John's Indian School near Phoenix, Ariz., inspect a check-proofing and sorting machine at Valley National Bank's central office. The demonstrator is Assistant Cashier Harris A. Wood

Automation Means Better Jobs, Sooner

Automation should be no cause for alarm about job opportunities, L. C. Small, assistant vice-president, California Bank, Los Angeles, told the American Institute of Banking convention at Richmond, Va.

"The jobs or parts of jobs which will be taken over by computers are the repetitious and least interesting; and, in any event, normal turnover will more than take care of the transition," he said.

"This has proved to be the case wherever computers have been installed. Many young people will bypass more junior jobs and will have the opportunity to train directly for positions as tellers. This will result in better jobs, sooner. Tellers will need to develop more knowledge about their customers to make up for less historical information in account records, and, in so doing, should develop into better representatives of our banks.

"There will, of course, be many brand-new jobs, some of which will be highly skilled. Existing staff members will undoubtedly be given opportunity to train and qualify for such positions."

they, or additional sorters, will be used to sort the items into numerical order for filing."

(SHIPLEY) "... with all items punched in sequence and with a tape record maintained in sequence, we have eliminated the need for the random access memory unit, reducing somewhat the over-all cost of the system and permitting ourselves greater flexibility in the insertion of new account records and in the matter of record length . . .

"... this trial balance can be produced in as many as six copies, which will be distributed throughout the bank as a point of reference for the payment of checks and determining information concerning a given account."

The consensus was that it is not necessary to have random "on line" access to account balance information. Its cost is too great.

What results have been achieved in
(CONTINUED ON PAGE 138)

Advertising—

LOU LETTS

Investment for Profit

MRS. LETTS, who entered the advertising business with an agency in Chicago and later moved to another in Houston, Texas, became the first advertising manager of the Houston Bank & Trust Company in early 1956. She is active in the Houston Advertising Club, a member of the Advertising Federation of America.

The title of her article is a phrase coined by Frank P. MacGowan, Southwest Edition executive director of The Wall Street Journal.

Incidentally, the author explains that "to research," a transitive verb, "has accepted usage in the advertising field. It serves to describe the entire process of search and research for completeness and accu-

racy of information pertaining to a given problem or any part thereof."

IT HAS always been a source of wonder to me that, when presented with a plan of advertising, John Q. Businessman's first and foremost concern is "What's it going to cost?" instead of "What's it going to pay?"

All his business expenditures require some judgment of his ability to finance them, but these—new equipment, increased sales force, larger plant—he considers with an eye to the realizable return. Then somebody tells him he has to advertise because his competition is gaining and his competitors advertise—so he is thrust, beaten and bitter, into a world he is convinced is no more than a necessary evil to one of his limited means.

Nothing could be further from the truth—and he who is not dedicated to the principle that advertising is an investment had better stay out of the field of public relations. Goodbye and good luck—for despite

OUR CUSTOMERS HAVE THEIR REASONS . . .



When we open accounts at Houston Bank & Trust, we ask our customers why they choose our bank out of some thirty-two available to them in this community.

Since we moved to our new building early in 1956, 27.5% of our new customers had relatives, friends, and business acquaintances who recommended us as the bank best suited to handle their banking problems, to meet their financial needs. And 32.2% say they were especially taken with the convenience of our location.

The remaining 40.3% came for a variety of reasons: Many knew one or more of our friendly staff, respected and trusted them. Some came to earn 3% interest on savings. A goodly number found our lending policies particularly adapted to their needs and limitations. Hundreds were drawn by the beauty and modern facilities of our quarters.

But for whatever reasons they came, all have enjoyed the complete, competent, courteous service of a bank that's convenient . . . right on the way to Everywhere!

You can, too . . .

Houston Bank & Trust

1801 MAIN at JEFFERSON

Member Federal Deposit Insurance Corporation

Member Federal Reserve System

Company

Even in its early stages, a map of the bank's customers shows concentrations along the traffic arterials, particularly on the city's west side. The eastern section is basically industrial; the northwest, west, and south are essentially residential. The largest concentration takes shape in the bank's immediate vicinity. Elizabeth D. Morhan, studying the map, is in the new accounts department



Expensive Advertising Research by Specialists Is Not Necessary Until the Bank Has Exhausted the Vast Research Possibilities Within Its Own Organization

all other mutual interests we shall never understand each other.

When BANKING'S March issue bannered "\$100,000,000 to Be Spent for Bank Advertising This Year," the anguish of an impressive number of our late forebears surely rent the celestial atmosphere. To them, Professional Bankers, the very word "advertising" was anathema. The concept that advertising is the key to our economy of abundance never crossed their minds.

Banking today, while no less a profession, is admittedly a highly competitive business, yet few of the nearly 14,000 commercial banks in the U. S. have advertising specialists on their staffs. (Most of them, at best, have vice-presidents-in-charge-of-public relations who are "the guys you see when you have advertising to sell." They are hard-working people to whose regular banking duties the advertising is added.) Only a small percent have advertising agencies on whom they can rely for expert advice—and those who have are almost without

exception large banks in financial centers.

Happily, bankers are among the first to understand the phrase "investment for profit." Daily they are invited to invest bank money in industry, in business, in people.

When a manufacturer applies for funds to enlarge and develop his business, the bank embarks on an exhaustive investigation. The applicant's business and person are examined to a fare-thee-well. The more the loan officers learn about the background and condition of the business, the more they can rely on their judgment in granting or withholding the loan—or, put another way, the more they are assured of wisely investing their depositors' money, and the greater the insurance against loss.

With bank advertising, the situation is basically the same: The more we know about ourselves, the more certain we can be of identifying our needs correctly, of evaluating our potential intelligently, and of investing our advertising dollar wisely.

Here, unfortunately, is where many a bank's advertising program founders. It is all too likely to be based on what the ranking officer thinks the customers want (banks are not alone in this!), on his private concepts of what they do or do not like, on his opinions of their opinions. And then, when the investment fails to produce what he feels is a reasonable return, he is sure that it was a poor one to begin with. The margin for error in judgment is discounted to the vanishing point.

There is a way to reduce the margin for error in all-too-human judgment, which is, in my humble but considered opinion, the *sine qua non* of effective public relations: *RESEARCH*. Don't shy away! . . . research is simply the systematic pursuit of facts upon which to base a valid conclusion. It is available to everyone. Regardless of how much or how little it may cover, *if honestly executed and judiciously used, it always pays off*. It is designed to save the advertiser from investing in a "dog."

Investment in Research

It is a human tendency to withdraw from investments which do not promise an immediate return. Research is often irresponsibly regarded as such an investment—yet a division of a large food processing company in Chicago spent almost three years and nearly \$1,000,000 in market and advertising research before it produced a promising new item. Consequently, when the item reached the public, every cent invested in production, packaging, advertising, promotion, and personal sales effort produced an immediate and substantial return, because the company knew to what extent the item filled a public need, how it would be used, by whom, how often and—equally important—to whom and how its advertising should be directed to increase acceptance, use,

(CONTINUED ON PAGE 132)



Houston Bank & Trust Company is located at the center of the Houston freeway-expressway pattern. The board above faces the Gulf Freeway traffic entering the downtown business section. A survey of the bank's files showed that for the period February 1, 1956, through January 31, 1957, approximately one-third of all new customers opening checking and savings accounts did so solely because of the convenience of location

GOVERNMENT BONDS

Market Drops Again . . . Treasury Financing More Costly . . . New Issue of TA Bills . . . August Refinancing, with What? . . . Open Market Committee Neutral . . . Negative Reserves Continue . . . Bank Loans Fail to Increase . . . Security Holding Decrease . . . Makeup of Gross Debt

MURRAY OLYPHANT

AS FAR AS the effect on the market for Government securities was concerned, what happened in May was almost exactly like what occurred in April only more so.

There was no slackening in the capital offerings in the bond market which compete with Government issues. It is estimated that, for the first six months of this year, such offerings will total close to \$6.3-billion, which is about \$1.5-billion more than in the same period last year. The yields on these offerings continued to rise, and during May they reached to between $4\frac{1}{4}\%$ and $4\frac{1}{2}\%$, even for those of best grade.

No change was apparent in the attitude of the monetary authorities. The Open Market Committee stood pretty well on the side lines and let the market take its course. Clearly the possibility that inflationary factors might increase later on in the year was still being kept in mind.

In short, the demand for capital was still outrunning supply, while the latter showed no signs of increasing. As a result, the general level of interest rates continued to stiffen and the banks were under increasing pressure to maintain their reserve positions.

The effect on the market for Government securities could hardly have been other than it was.

Government Market Declines Further

Pricewise, the sharpest declines were naturally in the longest bonds. All the $2\frac{1}{2}\%$ bonds, maturing from 1968 to 1972, were down about $1\frac{1}{2}$ points. Their quoted bids ranged from 88 $\frac{4}{32}$ to 89 $\frac{12}{32}$. The long-

est 3% bond (2/15/95) dropped below 91. Except for the two $2\frac{3}{4}\%$ "partially tax free" issues, no Government was worth 100 on the bid side and all, but a couple of the shortest maturities could be bought below par, irrespective of coupon.

With the sharp rise in the rate for Treasury bills, which threatens to become even greater, the shorter and intermediate-term issues weakened and will probably continue to do so. It looks very much as though prices might break down through the previous lows for 1957.

New Issue of TA Bills

With the balance in the general fund of the Treasury dropping below \$4-billion, which means a "working balance" of less than \$3-billion, the Treasury, besides raising the weekly offering of bills to \$1.8-billion, obtained \$1.5-billion by the sale on May 22 of 119-day tax anticipation bills.

These were to mature on September 23 but could be used to pay taxes on September 15 at 100 and interest to maturity. This provided an 8-day bonus to taxpayers.

Banks could pay for their allotted subscriptions by credit to Treasury tax and loan accounts, which assured the usual heavy subscriptions.

Subscriptions were for more than double the amount offered. Slightly over \$1.5-billion were allotted at prices ranging from 99.108 (2.698%) to 99.047 (2.877%), with the average cost to the Treasury of 2.824%.

But, just as soon as these bills became available in the market without the tax and loan account privilege, they were quoted 3.17%-3.13% and by June 4 had declined to 3.28%-

3.25%. As usual, the subscribing banks were endeavoring to lower their holdings as quickly as possible in order to try and work out a profit on their increased deposits.

Treasury Financing More Costly

When the Treasury issued an 11½-month $3\frac{1}{2}\%$ certificate and a 4-year 9½-month $3\frac{3}{8}\%$ note in exchange for the \$4,155,000,000 $1\frac{5}{8}\%$ notes which matured on May 15, a new high cost for Treasury financing since 1933 was recorded. Now, however, the bid for both issues is less than 100. Furthermore, the \$1.8-billion of Treasury bills, offered on June 3, went at an average cost to the Treasury of 3.374%.

This was clearly forecast by the results of the successive weekly bill offerings during May. (See page 62.)

For dealers, it was a difficult month, but at no time was there any sizable increase in repurchase agreements at the Federal Reserve banks. However, dealers' operations in bills were probably not as profitable as in previous months.

It seems more than likely that bills will be even more costly to the Treasury. There will have to be more of them issued.

Soon the Treasury will probably need another \$3 to \$4-billion new cash, since the heavy tax receipts in June were offset by the maturity of nearly \$5-billion of tax anticipation bills. Then what can be done about the \$15.7-billion of maturities in August?

August Financing with What?

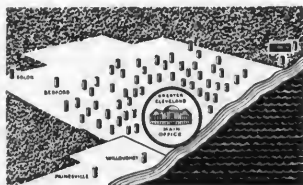
About \$12-billion of $2\frac{3}{4}\%$ notes
(CONTINUED ON PAGE 62)



Mr. George Gund, President
The Cleveland Trust Company

A Success Story...

The Cleveland Trust Company, with 63 branches serving Greater Cleveland and surrounding Ohio communities, is the largest branch banking system between New York and California. It services, for example, over 730,000 deposit accounts.



Ohio's largest bank, The Cleveland Trust Company, periodically reviews its operations and equipment.

To meet its microfilming requirements—in single posting and other routines—it chose the Recordak Reliant Microfilmer.

Tests showed this microfilmer filled the bank's need for speed and accuracy, and greatest operator convenience. Today, 64 Recordak Reliant Microfilmers are in use in Cleveland Trust's 63 offices.



Accurate microfilming is vital. High-speed, high-precision automatic feeder on the Recordak Reliant Microfilmer practically ends possibility of missed pictures. Another important Reliant plus—you can expose duplicate film rolls *simultaneously*. Use one roll for handy reference, the other for off-the-premises storage or, as is the case at Cleveland Trust, for a main-office record.

"Recordak" is a trademark

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—
now in its 30th year

—MAIL COUPON TODAY—

RECORDAK CORPORATION
415 Madison Avenue, New York 17, N.Y.

K-7

Gentlemen: Please send further details on the Recordak Reliant Microfilmer.

Name _____ Title _____

Bank _____ Street _____

City _____ State _____

(CONTINUED FROM PAGE 60)

mature on August 1, and nearly \$3.8-billion of 2% notes on August 15. The Federal Reserve banks hold about \$8,140,000,000 of these maturities, while commercial banks have about \$2.5-billion and other investors own about \$5-billion.

Because of the way refunding owners of \$1,127,000,000 out of a total of \$4,155,000,000 took cash instead of the refunding issues, subscriptions for the 9½-year 3½% notes, offered at that time, amounted to only \$647,000,000, in spite of the fact that Treasury investment accounts took several hundred million. It was clear that nobody wanted anything but a very short maturity.

Now just what can the Treasury offer to the holders of \$7.5-billion of the August maturities which are not owned by the Federal Reserve banks? Would there be any ready acceptance of anything having a maturity of over one year? How big a coupon would be required to assure a fairly full rollover, even

Offered on	Amount offered	Average cost	Dealers loan	Later prices
May 6	\$1,700-mil.	2.91%	\$366-mil.	2.90%-2.86%
May 13	\$1,700-mil.	2.89%	\$362-mil.	2.92%-2.89%
May 20	\$1,800-mil.	3.12%	\$359-mil.	3.14%-3.12%
May 27	\$1,800-mil.	3.25%	\$410-mil.	3.22%-3.18%
June 3	\$1,800-mil.	3.37%	\$425-mil.	3.38%-3.36%

for one year or less? Nothing longer than one year would be possible unless the coupon were so big as to dislocate the market for issues already outstanding.

From June 20 to July 25 the Treasury has six maturities of bills of \$1.6-billion each. Continuance of the present weekly offerings at \$1.8-billion each would provide \$1.2-billion new cash, and the amount could be raised again.

Then there may well be an offer of tax anticipation certificates to mature in March of next year. With the tax and loan account privilege,

these would probably be taken below the prevailing rate—whatever that was—for equivalent maturities. It seemed likely that the bulk of the refunding offer would consist of that type of issue.

No wonder there are those already talking of almost a 4% rate for the Treasury bills.

Open Market Committee Neutral

Anyhow the OMC was showing no concern. From May 1 to May 29 the Federal Reserve portfolio de-

(CONTINUED ON PAGE 141)

THE INVESTMENT MARKETS

THE investment markets developed considerable stickiness in past weeks. There were days when as much as 30% of new issues rested temporarily, on underwriters' shelves.

Yields on most obligations increased, and prices on outstanding bonds have been declining. It affected all lists and it made borrowing costlier again.

The low price levels of municipals produced yields which have not been equaled since October 1935. They prove opportune to many private and institutional investors in cases where income is of prime consideration.

By the same token, higher rates are a deterrent to borrowings involving capital issues for improvement. Particularly hit are states and local governments. Their costs to borrow for improvements and other purposes, which in many instances have been approved by the voters, are going up constantly.

Such higher costs can be met only by higher taxes, which cannot be enacted overnight. Thus, improvements which require financing are being postponed and underwriting bids are being rejected. A notable example was the proposed \$10,000,000 bond issue of Mississippi.

CORPORATE borrowers do not have to be equally rate conscious, since most of such costs are deductible in the tax accounting procedure. That segment of the markets, therefore, is little affected.

An interesting government investment experiment began in Britain. The first drawing was held in England's premium bond raffle. An electronic brain selects the bond numbers which win for their holders. Under the scheme, Britishers may purchase £1 bonds. Instead of receiving the usual 4% interest, they have a chance

to receive tax-free prizes ranging from £1,000 to £25.

It is an anti-inflationary measure providing a ready source of income for the government. It also lessens tax collecting problems. Strict anonymity protects the winners. Only the numbers of the lucky bonds are published.

UNDER the set-up, which was introduced by Prime Minister Macmillan when he was still Chancellor of the Exchequer, bonds to be eligible for prizes must be held for at least six months. The drawings early in June were limited to the first bonds issued last November. So far, a total of £75,000,000 have been received by Whitehall.

Prizes to be paid out over a year are estimated to run between £2,000,000 and £3,000,000.

Here at home, the month of May saw the largest sales on the New York Stock Exchange since May of last year. Some of the published averages reached new 1957 highs and others were quite near them. The volume was about 52,600,000 shares, against 48,300,000 in May 1956.

Securities offered publicly in May declined. The bond total was the smallest so far this year, and new stock issues were at a 3-month low. New bonds offered were \$1,288,031,000 and new stock issues totaled \$56,000,000 in May.

NEW issue totals for the first five months of the year amounted to \$7,769,698,000 in bonds, against \$5,228,868,000 in the comparable period last year. New stock financing totaled \$258,550,000 for the first five months, against \$401,610,000 in the like 1956 period.



Profit-Sharing Retirement Plans

Made to Fit Your Customers' Needs

Your customers who run businesses are interested in building more loyal, more efficient employees. And, like many other businessmen, they will find that a Profit-Sharing Retirement Plan offers an ideal answer because it gives employees an important stake in the company's success — and provides valuable benefits possible in no other way.

Companies need tailor-made plans to fit special conditions. As a financial adviser to your customers, you want to make sure that they get the plan which best fits their situation.

The plan should guard against promises of payments that they may not be able to keep.

It should help them keep good employees and stimulate them to work for greater profits.

It should provide that the profits put in trust will be taxed only to the employees after retirement when taxes are lower.

It should provide that most of the money stay liquid but from which, nevertheless, your customers' employees can be sure of substantial pensions or severance pay.

Accomplishing these important requirements varies from business to business. But these features, and many more that you as your customers' financial adviser will appreciate, can be built into Connecticut Mutual Profit-Sharing Retirement Plans. For example, our plans help solve the problem of the over-age employee. There need be *no* payments in unprofitable years. Large first-year payments are not necessary. These plans can be written for companies with as few as five employees.

Founded in 1846, Connecticut Mutual was one of the earliest and is today one of the largest writers of life insurance for specialized business purposes. Not only are its policies particularly adapted to use in profit-sharing retirement plans, but comparisons will show that its costs are among the lowest.

FREE BOOKLET ON PROFIT-SHARING RETIREMENT PLANS

Particularly useful to bankers and trust officers is a booklet answering many questions about profit-sharing retirement plans. It answers such questions as how the employer's contribution is determined, tax deductibility of the employer's contribution, how members of the trust are taxed, how Social Security fits in, and many other important questions. Scores of your customers can have more permanent and financially sound businesses with a Connecticut Mutual Plan.



The Connecticut Mutual Life Insurance Co.
Dept. BA-7, Hartford, Connecticut

Please send me, without cost or obligation, your booklet "Some Questions and Answers about Profit Sharing Retirement Plans."

Name _____

Bank _____

Street _____

City _____ State _____

The
CONNECTICUT MUTUAL LIFE
INSURANCE COMPANY • HARTFORD

It's a triumph of design and engineering

The straight-line look—characteristic of modern design—finds its highest expression in this engineering masterpiece. Whether the massive door is open or closed, the striking beauty of this modern vault entrance will win the admiration of every customer.

These photos show how all mechanism, inside and out, is completely concealed by the shimmering Stainless Steel sheathing.



HERRING · HALL · MARVIN "5-STAR CONSTELLATION" VAULT ENTRANCE WITH PUSHBUTTON CONTROL

Functionally, this completely new concept in bank vault entrances is as advanced and dramatic as it is in appearance.

Pushing a button actuates a mechanism which swings the door open or closed over an arc of 180 degrees.

Two combination locks are selectively operated by a single combination dial, protected by plates of newly-developed metals to resist attack by carbide-tipped drills and the oxy-acetylene torch.

Doors of all standard thicknesses, from 3½" to 25", are available. The fluted architrave can be in any width specified by the architect.

Full details on request. Herring·Hall·Marvin Safe Company, Hamilton, Ohio.

HERRING · HALL · MARVIN SAFE COMPANY, Hamilton, Ohio

BANKING'S

Business Building Bulletin

Demonstrating Bank Advertising Effectiveness

“The Case Against Surmise”

This is a one-act play, a courtroom trial, on the effectiveness of bank advertising.

The scene: A typical courtroom.

The plot: Frank Surmise, advertising manager of The Friendly Bank and Trust Company, is being sued by the executive vice-president, Will B. Shone, to recover \$922.50 in advertising funds—which, Shone contends, were spent without tangible results. It is hard to see how Surmise could have kept himself out of this mess. He claims tests would show he needed more money and, besides, he thinks tests are bunk. The jury consists of the readers of BANKING. (*Adapted for BANKING by William R. Kuhns, with sincere apologies to E. Scott Pattison who wrote an original script on this theme for the National Industrial Advertisers Association.*)

Cast of Characters



Attendant: Hear ye, hear ye, the Court of Verified Claims is now in session. Here actions are brought for the recovery of advertising dollars spent not wisely but too well.

(pause)

His honor, Judge Potter.

(Judge Potter enters and takes seat. Nods to Faxworth, who hands papers to court attendant and to Judge.)

Judge: This court is now in session.

Attendant: Your honor, The Case Against Surmise. We have here an action brought by Will B. Shone, executive vice-president of The Friendly Bank and Trust Company, against Frank Surmise, advertising manager.

Judge: *(looking at papers)* Mr. Faxworth, you may open.

Faxworth: Your honor. Ladies and gentlemen of the jury. This is an action for recovery of funds brought by my client, Mr. Will B. Shone, executive vice-president of The Friendly Bank and Trust Company. He is bringing suit against Frank Surmise, the advertising manager of the bank. My client wishes to recover \$922.50 in advertising funds. We claim, and intend to prove, that

Mr. Surmise is dissipating these funds wastefully and without tangible results.

First we will prove to you that Mr. Surmise obtained this money by unsupported claims, and that he has failed to set up proper safeguards. Also, that after it is spent there will be nothing to show that The Friendly Bank and Trust Company stands a chance of getting its money back. My client, Mr. Shone, feels a responsibility to put a stop to this before it is too late. When you have heard the evidence, we will ask for a verdict for Will B. Shone and an end to advertising spending by SURMISE!

(Sits down and looks through papers)

Attendant: The attorney for the defense, Mr. G. Y. Audit.

Audit: *(Standing and addressing court)*

Your honor, ladies and gentlemen of the jury. My client, Mr. Frank Surmise, is the defendant in this action. But as I intend to prove to you, he needs no defense. As I will show, he is a competent, professional advertising manager, following the accepted practices and time-honored prerogatives of his profession. If he is to do his job, he cannot be badgered and harried at



Attendant: Your honor, we have here an action brought by Will B. Shone, executive vice-president of The Friendly Bank & Trust Company, against Frank Surmise, advertising manager.



Mr. Audit: ... If he is to do his job, he cannot be badgered and harried at every turn by penny-pinching demands of men who know nothing of advertising except the dollar totals in the budget.

every turn by penny-pinching demands of men (*glares at Shone*) who know nothing of advertising except the dollar totals in the budget. We will prove to you that by precedent and common sense, Mr. Surmise (*beams at Surmise*) is doing his job properly, and that his bank, The Friendly Bank and Trust Company, can expect to get its money back by trusting in his judgment. He is a faithful employee, and Friendly Bank should put faith in his judgment.

Judge: (*sitting up straight*)

The statements of the contending parties draw the issues clearly. Mr. Faxworth, you may call your first witness.

Faxworth: Mr. Shone, will you take the stand?

(*Attendant swears in Shone; he sits in witness box*)

Mr. Shone, you are executive vice-president of The Friendly Bank and Trust Company?

Shone: I am.

Faxworth: Is it true that the defendant, Mr. Surmise, requested from you an advertising budget of \$922.50 for 1957?

Shone: He did.

Faxworth: And did you grant the request?

Shone: I did not. He got the appropriation by working on the President while I was on vacation. But now the President is on vacation, and I'm in charge, and I want the money back.

Faxworth: And to what use, specifically, was this money to be put?

Shone: That's something I don't know because I'm never told. But I get bills from trade papers and agencies, and direct mail houses, and sign people and all. Just because "Surmise" is written on them, I'm supposed to pay 'em. When the bank buys a new machine, I can see it. But these newspapers—who can read 'em? They're so thick I can't even find our ads.

Audit: (*Jumping to his feet*)

I object, your honor, to the witness making a virtue out of his inability to read.

Judge: Yes, Mr. Shone, just answer the questions.

Faxworth: Now all this money that's being spent. Can't a more detailed analysis of outgo be given you?

Audit: I object, your honor, to the phrase "all this money." All what money?

Judge: Over-ruled! You'll get your chance to ask questions. The witness may proceed.

Shone: The point is, Mr. Faxworth, I don't really care where it's being spent. I'm not questioning the space rates, or the publications, or even—heaven help me—the bills for art work. But I want some evidence of how the bank is going to get something back. When we spend money I want to see what we get.

Faxworth: And you get no such evidence of results from Mr. Surmise?

Shone: No sir, I do not. And that's why I say I want the money back.

Faxworth: Thank you. (*He turns to Audit*) Your witness, Mr. Audit.

Audit: Mr. Shone, you are executive vice-president, are you not?

Shone: That's right.

Audit: Your bank is equipped with accounting and bookkeeping machines and all?

Shone: Yes.

Audit: Just what kind of tangible evidence can you produce that the money spent for this equipment pays off for The Friendly Bank and Trust Company?

Faxworth: Objection! Mr. Shone is not on trial here.

Shone: I don't mind answering. Everybody knows a bank has to keep records and...

Audit: Yes, and everybody knows you have to advertise. You're a professional in your work, and Mr. Surmise is in his. That is all.

(*Shone leaves witness box*)

And now may I ask that my client, Mr. Surmise, take the stand.

(*Surmise is sworn in, sits in witness box*)

Audit: How long, Mr. Surmise, have you been an advertising manager?

Surmise: Well, ten years on my present job. Before that I worked for the Government.

Faxworth: (*loudly*) Objection! That doesn't prove anything—everybody works for the Government.

Judge: (*rapping for order*)
Overruled. Proceed.



Mr. Shone: ... When we spend money I want to see what we get.



Mr. Faxworth: When you planned this advertising budget here, you based it on what you call good judgment. Is that correct?

Audit: And you've been drawing up budgets and spending advertising money for years on the basis of the confidence that the management has in your judgment?

Surmise: That's right, if you can call \$922.50 a basis of confidence.

Faxworth: I object, your honor. The management is not on trial here.

Judge: Objection overruled. If Surmise is guilty, so are the people who gave him \$922.00 to spend. I mean \$922.50.

Audit: In the past, when you have been asked to justify your advertising budgets, what have you replied?

Surmise: Well, I've pointed out that our competitors are spending more than we are ... how could they spend less?

Judge: The witness will just answer the questions.

Audit: In other words, you expect your management to have faith in your judgment?

Surmise: That's right. Just like our new business department. We develop new services, and we've got to have faith they'll be useful. You can't prove in advance you're going to bring in such and such amounts of business. It's the same with advertising.

Audit: And you contend that no specific evidence of results should be required?

Surmise: Oh sure, you can do a lot of window dressing with inquiries and things like that. But it just isn't practical to put a slide rule on creative thinking, and anyway how much creative thinking will \$922.50 buy?

Judge: Just answer the questions.

Audit: And isn't that the feeling of most advertising managers? I mean your reference to slide rules.

Surmise: Yes sir. I believe it is.

Audit: Your witness. (*Audit returns to seat; Faxworth rises, comes over to witness, eyeing him severely*)

Faxworth: Let me get this straight, Mr. Surmise. When you planned this advertising budget here for The Friendly Bank and Trust Company this year, you based it on what you call good judgment. Is that correct?

Surmise: Yes, sir; judgment and experience, but I needed more money.

Judge: Just answer the questions.

Faxworth: And the same was true for previous years?

Surmise: Yes sir.

Faxworth: But if in previous years you made no effort to measure effects and determine results, how could experience help you to improve your effort? How could you tell your successes from your flops?

Surmise: Well, some campaigns the president liked and some he didn't like. It's as simple as that. All that these fancy tests might show is that we needed to spend more.

Judge: Just answer the questions.

Faxworth: Now let's be specific. I see you have \$314 here for a service campaign introducing Friendly's new savings package. Why \$314—why not \$214 or \$414—if you have no evidence of results to go on—why not 14 cents?

Surmise: Well, \$314 was all I had left.

Faxworth: And results? Do you have evidence of a pay-off in new accounts?

Surmise: Let's be realistic. If a service is a big hit, the president says it's his fine, clear thinking; the personnel manager says it's the way it was handled; the cashier says he'd been trying to sell the same idea for years; but if it's a flop, they all say it was the lousy advertising.

Faxworth: A short time ago, I believe you said that many advertising men depend on faith, rather than measurement, for their results. Is that what you said?

Surmise: Near enough. Not because they wouldn't like some real evidence of results . . . but because it's so impractical to get it, most of the time. Too many variables like tight-fisted budgeting, except that's not variable.

Judge: Simply answer the questions and dispense with the wisecracks.

Faxworth: So you have nothing to show Mr. Shone for the bills he pays?

Surmise: I can show him my membership card in the Public Relations Association.

Faxworth: Thank you Mr. Surmise. Will you step down. (*Surmise, mopping brow, returns to counsel table*) Ladies and gentlemen of the jury, I am about to call some witnesses who know nothing about my client or Friendly Bank and Trust Company or Mr. Surmise. But they *do* know advertising. They have been looking for one thing; not the best ads necessarily, or the most outstanding records of accomplishment. They have been looking for successful, practical ways of determining actual results.



Expert witnesses
on the testing of
bank advertising
will report
actual cases in
next month's issue.

IDEAS.....



Staff Incentive Plan Yields \$19,000,000 in New Business

NEW BUSINESS totaling \$19,000,000 from 45,254 new accounts was obtained in a 12-week campaign by the staff of Crocker-Anglo National Bank, San Francisco, reports Vice-president W. H. Smith.

Merchandise prizes were awarded to participating employees in proportion to the results each obtained. Campaigners earned points for soliciting regular and special checking accounts, savings accounts, Christmas Club accounts, and safe deposit box rentals. The points were redeemable for 1,500 articles.

Here's Crocker-Anglo's new business record of achievement during the drive:

- 3,743 new regular checking accounts with opening balances of \$6,938,931.77.
- 1,746 new special checking accounts (\$405,706.36).
- 7,720 new savings accounts (\$11,684,289.83).
- 30,539 new Christmas Club accounts (\$121,014.90).
- 1,506 safe deposit rentals amounting to \$7,237.80.

All prizes were supplied to the bank at wholesale by the company that created the program, and were shipped direct to the winners' homes.



Number 1 point producer in the Crocker-Anglo new business campaign was George Valador, pictured here with his wife and daughter—and some of the merchandise he won.



Coffee, tea and cakes were on the house at the "Thank You" party given by Community Savings Bank of Rochester, N. Y., to mark the first birthday of an office.

Bank's Staff Puts on "Thank You" Party for New Office Customers

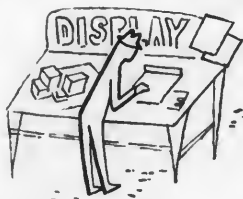
COMMUNITY SAVINGS BANK of Rochester, N. Y., gave a tea party as a "Thank You" to customers and neighbors of a year-old office. The staff handled all the planning and details.

This friendly gesture of appreciation to mark the branch's anniversary proved a double pleasure, says Assistant Vice-president Madelyn H. Sullivan. Customers and neighbors were pleased, and the employees liked their assignment as arrangers and hosts and hostesses. They addressed the invitations, distributed some of them personally, consulted with the caterer, and worked out their schedule so that each member had an important part in the party.

"Staff participation has always been our public relations policy," Miss Sullivan reports. "This recent experience convinces us of the wisdom of delegating, when possible, more of the responsibility for planning and follow-through. It gave the employees a sense of participation that cannot be achieved when headquarters does the job."

... THAT HAVE WORKED

by John L. Cooley



Contest Develops Service Improvement Ideas

SEVENTY-NINE savings accounts were the prizes in a service improvement idea contest for customers of the State Bank of Wellston, St. Louis.

The competition was linked to a questionnaire covering use of the bank's services and customer familiarity with its advertising in various media. Of the approximately 1,700 people responding, 953 reported reading the ads in the St. Louis evening paper, 644 in the city's paper, 860 in the community paper. Billboard ads were recalled by 695, while 756 saw the bank's TV advertising, 511 heard it on an old radio station and 296 on a new one.

Direct mail, which takes the largest part of the ad budget, was seen by the largest number of people.

Less than 9% criticized the bank's service.

In the idea contest, first award, a \$100 account, went to a woman who suggested a lobby directory of the services. Other top winner suggestions: an information desk, additional sand containers for cigarettes, regular notices on inactive savings accounts to encourage reactivation.



Taking a cue from retailers who stimulate business by using "islands" in their stores, the Denver National Bank moved its new accounts section to the center of the big lobby. Result: an immediate increase in activity. Also, says the bank, "the new location is a constant reminder of additional services to present customers and a friendly invitation to visitors."

Serving
SMALL BUSINESS
is
OUR BUSINESS
at Wachovia!

Providing credit and other banking services to small business is Wachovia's business and has been for more than 77 years. Today, Wachovia is making thousands of loans to small businesses and individuals as well as amazing large investments. 97.2% of the number of Wachovia loans now outstanding are for amounts less than \$5,000. The great majority of our deposit accounts are of moderate size. If you're operating a small business, Wachovia is ready and able to give you the kind of personal, constructive banking assistance you need for sound operation and continued growth. Come in to see us soon so we can help you.

One of the ads that told the public about banking's services to small business.

Bank Tells Public About Its Service to Small Business

TWO ADVERTISEMENTS on the theme "We're in Business to Help Small Business" were published in 18 North Carolina newspapers by Wachovia Bank and Trust Company to help scotch any belief that commercial banks aren't aiding small concerns.

The ads assured the businessmen: "Wachovia is ready and able to give you the kind of personal, constructive banking assistance that you need for sound operation and constructive growth."

The bank also printed 100,000 copies of a folder, "Serving Small Business Is Our Business," and inserted them in monthly statements. In the folder President John F. Watlington, Jr., reported that 97.2% of Wachovia's loans at present are for amounts of less than \$5,000.

"The record shows," he said, "that at Wachovia today individuals and small businesses in substantial numbers are getting the kind and quality of credit services they need. These customers are now obtaining a larger share of credit funds than at any time in the bank's history, and it is our firm resolve that in the future as in the past their credit needs shall be adequately met."

The bank reports that although results from this kind of educational advertising are hard to measure, "from the many favorable comments received we feel we are making progress in combatting erroneous statements to the effect that banks are not lending to small business."

IDEAS THAT HAVE WORKED

Annual Report Idea

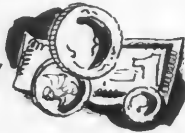
AN ANNUAL report format that's expected to serve for the next few years was tried by The Manchester (Conn.) Trust Company.

The bank printed a simple, attractive folder, with a design on the front cover. The inside spread contained information calculated to interest the stockholders, presented in the form of questions and answers. The queries were "Who owns the trust company?" "What is tight money?" "When will automation arrive?" "How is business?" "Why increase the capital?" "Where are we going?" The back cover listed the officers and directors.

The statistics for 1956 were published as a separate, slightly smaller leaflet, which slipped inside the folder.

"Using a different color scheme but retaining the artwork, we will be able to put it out for possibly the next three or four years with different copy inside," says Vice-president N. William Knight.

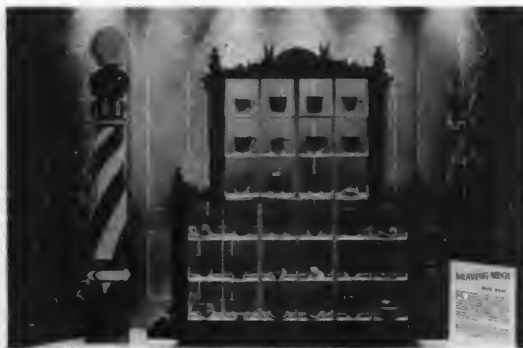
Bank Buys Old Currency Collection for Display



A COLLECTION of old paper money—bills issued by state-chartered banks long, long ago—is serving the Rhode Island Hospital Trust Company, Providence, as a display.

Purchased recently by the bank, the collection was featured in a three-page *Providence Sunday Journal* story. Rhode Island greenbacks are especially well represented in the lot.

At present the exhibit is being rotated among the bank's 17 offices in the state. Later it will be available to schools and organizations.



Dry Dock Savings Bank, New York City, has eye-catching window displays — and some have no banking tie-in. For instance, this one shows a collection of old shaving mugs (1870-1920). The sign in the lower right hand corner tells about the mug's popularity, and its final disappearance from barber shops.



Featured at an open house given by the Citizens Bank of Albany, Ore., was the familiar guessing contest: "How much money is in the bowl?" First place winner got \$25, the next five \$5 each, and the third 10 passes to a local movie. Pictured are Bill, Earl and Elmer Miller as they figure their estimates.

That Neighborly Touch

AN ADVERTISING character that points up "the neighborly feeling" and typifies a person with a financial problem has been created by the Second National Bank of Philadelphia.

He's "R. Neighbor," a happy-looking chap who finds the answers to his problems at the bank. Every situation is one with which readers can associate themselves: personal loans to consolidate bills, home improvement loans, savings for future needs, business loans, etc.

"R. Neighbor" made his debut on the third cover of the bank's 1956 annual report. Now he's appearing in newspapers and on billboards and direct mail pieces. A standard heading is maintained to promote the "neighbor" theme: "Do as R. Neighbor Does . . . for auto financing at low bank rates, see your friendly neighbor, Second National." "Do as R. Neighbor Does . . . don't save for a rainy day, save for every day at . . ."



Part of a Second National Bank of Philadelphia ad featuring "R. Neighbor."

DO AS R. Neighbor DOES:

Set your sights on anything you desire . . . then save regularly at your friendly "neighbor" . . .



Savings Builder

PORTLAND (ORE.) TRUST BANK used a cardboard pocket saver (for dimes) as a means of encouraging thrift. On the face was a rose — Portland is the City of Roses — and under it the suggestion "Save part of your income today to enjoy 'rosy' tomorrows."

Savers were invited to inquire about a rose coin bank, in metal, available at nominal cost.

IDEAS THAT HAVE WORKED

Music Brings Crowds to Bank

A SPRING MUSIC FESTIVAL brought New Yorkers to The Manhattan Savings Bank on four successive Friday afternoons.

The recital series, held in the customers' lounge just off midtown Madison Avenue, featured, in the various concerts, two local college choirs, a Welch chorus, and four pianists.

Safe Deposit Box Promotion

AN INCENTIVE program giving employees extra income for safe deposit box rentals was tried at the First National Bank of Allentown, Pa.

Fifty percent of the rent collected from a new customer was given to the staffer getting the business. (The withholding tax was deducted.)

Participants were assisted by extensive promotion: lobby displays of colored boxes, newspaper ads, statement inserts, lobby signs, a postage meter slug, and an "introduction folder" that was a record of information to be presented by the renter



The kids who visit The Green Point Savings Bank of Brooklyn, N. Y., no longer need reach far that drink of water. The bank set a specially painted fountain on a specially designed platform—just far them.

IDEAS IN BRIEF

Students See Selves in Ad

When high school pupils visited the Bank of Kennett, Kennett, Ma., their picture was taken as they watched the bookkeepers at work. Later the photo was featured in the bank's newspaper ad: "Students Visit Bank . . ."

Old Books and Mss.

East River Savings Bank, New York, which usually has something unusual on display at its Rockefeller Plaza office, tried an exhibition of interesting books and manuscripts. The material was provided by the Middle Atlantic States Regional Chapter of the Antiquarian Booksellers Association of America, Inc.

Introducing a Branch

To help publicize a new office, Peoples National Bank of New Brunswick, N. J., circulated a jumbo picture postcard, in color, of the building.

Industry Ad Series

The series of "industry stories" published as full-page advertisements in national magazines by The First National City Bank of New York has been reprinted in a handsome brochure. Art work—mostly in the modern manner—is in full color. The series was thrice named by *The Saturday Review of Literature* as "one of the truly distinguished advertising campaigns in the public service."

How Bank Credit Helps a State

"Why Sales Are Jumping in Georgia" is the title of a booklet Citizens & Southern National Bank, Atlanta, is using to tell business customers how their deposits help build Georgia markets. Copy is brief. For example: "The C & S put \$22,600,000 to work in monthly repayment loans to finance small business last year."

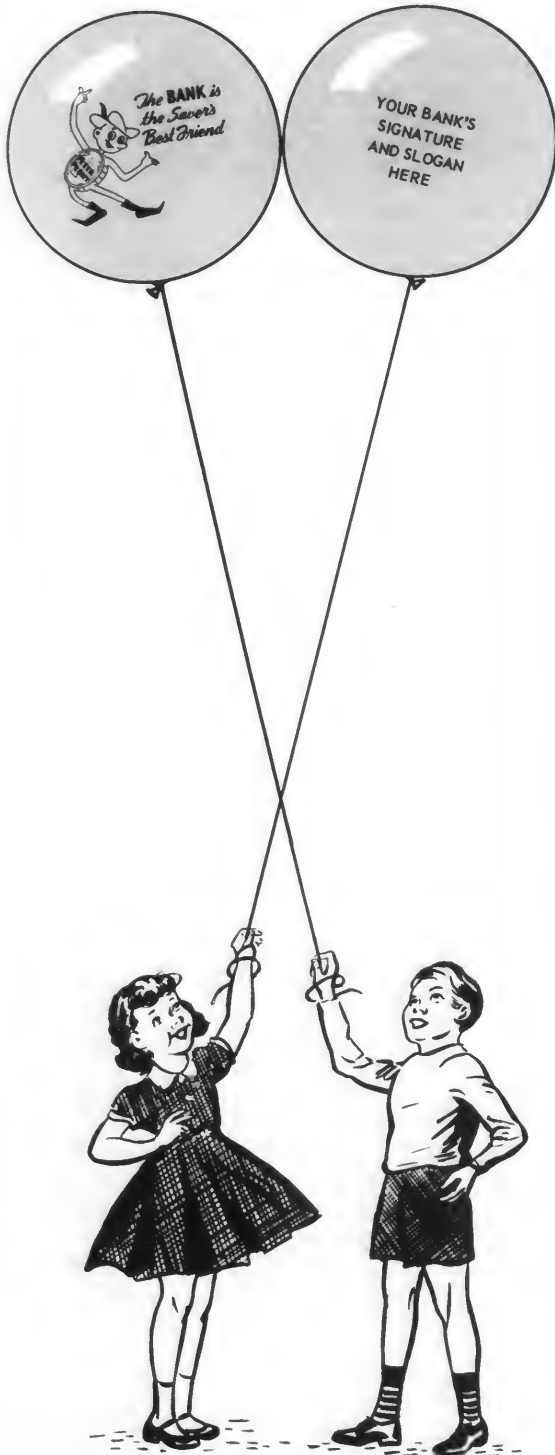
New Bank "Extra"

A 16-page special section of the local newspaper marked the opening of a new home for the Farmers-Stockgrowers Bank of Glasgow, Mont. Contents included stories about the bank, articles by the staff, and reprints of material from *BANKING*.

Teacher Gets Bank Fellowship

The Commercial National Bank of Peoria, Ill., continuing a project started last year, has awarded a \$500 study-work fellowship to a local teacher, Mrs. Margaret Tucker is spending the summer as a full-time employee of the bank, and doing supplementary reading on economics and finance for graduate credit at Bradley University's business administration college. The main objective of the program is to help Peoria teachers obtain practical information about banking and its place in the free enterprise system.

More Advertising Aids Added to A. B. A. Savings



BALLOONS

for the Youngsters

Here, for distribution to the children in your community, are Peter Penny balloons — colorful couriers that will wing the word all around the town: "The BANK is the Saver's Best Friend." These balloons can also help make your bank's Open House, anniversary celebration, or any other "occasion" a gala one.

On one side of each balloon appears the official Peter Penny symbol and slogan — and on the opposite side is imprinted the distributing bank's signature, plus the bank's own slogan, or special message.

Balloons are round in shape, and inflate to an average 8" in diameter. They are shipped in an assortment of attractive colors.

Why not let Peter Penny "take to the air" for your bank? Write to the A.B.A. Advertising Department for quantity prices on these balloons, and an order form.

The A.B.A. special savings campaign, featuring the theme "The Bank is the Saver's Best Friend," has been adopted by banks in all 48 states and the District of Columbia. These banks include institutions in all deposit classifications. The A.B.A. goal is to keep the campaign and its basic theme spreading . . . into every bank and into the mind of every prospect for savings. It is recommended that this program of savings promotion at the local level be augmented by every possible means each bank can employ to make the "Saver's Friend" theme a living reality.

Program, "The Bank is the Saver's Best Friend"

New Series of Ads on SAVINGS



She's got it...

HAVE YOU?

Got what? A good start along the path to success. She has a BANK savings account with a growing balance.

Why did her parents choose a BANK savings account? Because a bank offers not only safety, interest and friendliness, but also so many helpful financial services under one roof.

Deposit your savings in a BANK savings account. It's a BANK savings account when the teller will tell you he can accept deposits... that your deposits are insured up to \$10,000 by the Federal Deposit Insurance Corporation. And, of course, it's a BANK savings account when you deposit your savings with us.

BANK YOUR SAVINGS DOLLARS IN A BANK SAVINGS ACCOUNT HERE

16-SA-12

The BANK is the Saver's Best Friend



She's got it...

HAVE YOU?

Got what? The knack of managing money! It begins with making a deposit every payday in a BANK savings account.

Why a BANK savings account? Because a bank offers not only safety, interest and friendliness, but also so many helpful financial services under one roof.

Deposit your savings in a BANK savings account. It's a BANK savings account when the teller will tell you he can accept deposits... that your deposits are insured up to \$10,000 by the Federal Deposit Insurance Corporation. And, of course, it's a BANK savings account when you deposit your savings with us.

BANK YOUR SAVINGS DOLLARS IN A BANK SAVINGS ACCOUNT HERE

16-SA-1

The BANK is the Saver's Best Friend

IMPACT is the best word to describe the special quality of this series. Photos of people wearing unusual expressions, and provocative headlines in bold type are sure to attract readers' attention — especially in the proportions made possible by the large size of these ads.

Photos are of typical Americans — workers, farmers, housewives, teen-agers, businessmen, children, and so on. Some of the faces reflect quiet pride, some inner contentment, some radiant happiness — but all reflect the satisfaction that comes with having a growing balance of money in the bank...of making financial progress.

Text tells readers not only why a bank savings account is best, but also how to identify a bank savings account by making a simple test; concludes with an invitation to save at your bank. Linking the series to the "Saver's Friend" program is a reverse band at the bottom of each ad, bearing the program slogan. To order this series, write the A.B.A. Advertising Department for order form. Give series number below.

Savings Series #16-SA — 12 ads, each 3 columns x 10½", complete in mat form, ready for newspaper to add your bank's signature. As shown here, ads are reduced in size: Ads actually measure 3 columns x 10½".

How Banks Say "Thank You" to Depositors at the Turn of the Year



The black-and-white reproduction of this folder cannot, of course, convey the beauty of the 3 colors used in the finished product — blue, purple, and silver.

More and more banks are using A.B.A. "Thank-You" folders to express friendliness and appreciation to depositors at the turn of the year.

A.B.A. "Thank-You" folders have been chosen by an increasing number of banks each year. Because of the importance and value to bankers of these timely goodwill messages, the A.B.A. Advertising Department spends extra time and effort in the preparation of every one.

Many hours are spent by many people, in work and in critical appraisal, until it is the staff consensus that the message has the ring of true sincerity, that the design is appropriate, that the colors are pleasing, and that the end-product will be truly effective and in the best of taste.

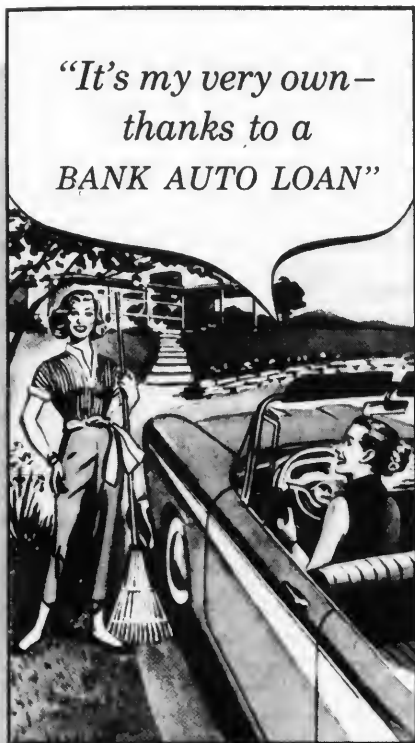
The plan, started several years ago, permitting shipping and printing of these year-end folders during the early summer months, has worked out to the advantage of all concerned: Banks are assured of delivery well in advance of the peak shipping period in December; and the A.B.A. can spread out over a longer period the paper work involved.



The grace of design and lettering apparent here is immeasurably enhanced, in the actual folder, by the rich color combination of purple and metallic silver.

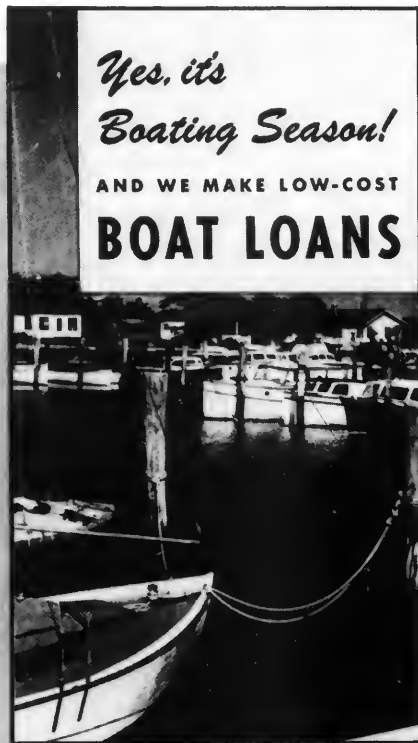
ADS and ADS that sell SERVICES

New Folders to Help You Sell AUTO LOANS and BOAT LOANS



(Colors: Red, yellow & black)

Bright and sprightly is this folder, with its 3 brilliant colors and attractive cover illustration. Text points out exactly why the car-buyer — whether one car or two is the family's need — will find it most economical and convenient to finance through your bank. On back page is a work sheet, enabling reader to figure modest amount of monthly payments.



(Colors: Yellow & green)

In the words of the folder itself, "more and more families are joining the fun fleet" of boat owners. Here's an invitation for prospective mariners in your community to finance boat, outboard motor, or both, through your bank. Appealing photograph of a variety of pleasure craft in port decorates front and back covers; nautical motif is continued inside.

Samples (plus price information and order forms) of any or all of the four folders shown on this and the facing page are yours for the asking.

Also, samples of currently available direct mail folders and/or blotters on the following subjects may be had on request: Automobile Loans, Banking-by-Mail, Checking Accounts, General Loans, Home Improvement Loans, Instalment Loans, Mortgage Loans, Safe Deposit Boxes, Savings Accounts, Special Checking Accounts, and other special services. These samples, too, show complete prices for various quantities—including imprinting of your bank's name and address, and shipping — and will be accompanied by suitable order forms.

Simply write the A.B.A. Advertising Department, 12 East 36 Street, New York 16, N. Y., specifying titles or subjects in which you are interested.



Public Relations Information

A. B. A. 'HUMAN RELATIONS' AIDS FOR BANKS



EVERY BANK wants its staff members to work well together. Every bank wants to win and hold friends and customers. Every bank wants its people to practice good "human relations" for better understanding in the daily banking process. The "human factors," sometimes called the "human touch," are particularly important in banking.

The average bank may not be using the term "human relations," but it is or should be thinking constantly of the "human relations" ingredients that comprise constructive and profitable banking . . . people working together in harmony . . . each individual contributing fully of his abilities . . . from the standpoint of service and sales . . . each staff member aware that "he is the bank" in dealings with customers or prospective customers.

Good human relations don't just happen. First, there must be an understanding of underlying principles. Then, these principles must be put to work consciously, with guidance and encouragement from bank management. Staff education and training in this area of a bank's work is just as necessary and can be just as rewarding as training in bank operations.

The A.B.A. Public Relations Council offers a "human relations" training program flexible enough to fit the needs of any bank. Developed with professional assistance, this program includes six booklets, three skits and a conference leader's manual.

- **Six Booklets.** These 8½" x 11" booklets, colorfully illustrated, each ranging from 8 to 12 pages, contain practical instructions on six "human relations" subjects. Titles: 1. *Building Confidence*; 2. *The Cash Value of Personality*; 3. *Winning Cooperation*; 4. *Personality in Writing and Talking*; 5. *Personal Efficiency and Promotion* and 6. *Personality in Meeting the Public*.
- **Three Skits.** Mimeographed 8½" x 11" scripts for three playlets which can easily be "acted out" by a bank's staff members. Each script requires three "actors." Average time for each skit runs from 5 to 10 minutes. Titles: 1. *Who Gets the Promotion?* 2. *Easy Routine Work*; and 3. *Would Her Raincoat Have Fooled You?*
Prices for complete sets of the six booklets, starting at \$2.75 per set for quantities of 1 to 10 sets, are available on request through the A.B.A. Public Relations Council. The conference leader's manual and the three skits accompany each order.
- **Other Aids.** Write or call the Public Relations Council for information on two other human relations aids: *Public Relations Is Up to You*, a booklet; and *You Are the Bank*, a series of four folders.

Aids and Sources for Your Own Use

A. B. A. AIDS TO HELP BANKS BRING BANKING TO WOMEN

ACCORDING to a recent edition of *BANKING's Business Building Bulletin*, practically all surveys show that women and their families are becoming more important users of bank services.

Women represent an important market of modern banking, and many banks are conducting special programs to reach this market. One of these

programs is the Finance Forum for Women. The American Bankers Association, through its various departments, offers information and materials especially designed for women. Much of this material has proved useful in bank sponsorship of Women's Finance Forums.

For example:

Finance Forums for Women. No. 9 in the A.B.A. public relations series of manuals. Includes full information on the why, what and how of bank-sponsored forum discussions for women. Accompanied by six mimeographed pages on the basic steps for organizing and conducting interesting forum discussions for women. *Individual copies available from A.B.A. Public Relations Council at 85 cents each.*

Bank Forums for Women. Four-page *BANKING* reprint on extent, methods and results of bank-sponsored forum discussions for women. *Individual copies available without charge from A.B.A. Public Relations Council.*

Teaming Up With Your Local Women's Groups. Eight-page *BANKING* reprint on "opportunities unlimited . . . for the nation's banks to extend their economic leadership in the communities they serve by teaming up with their local women's clubs;" also "what several banks have already accomplished by conducting educational programs for women's groups and some suggestions on how to proceed." *Individual copies available without charge from A.B.A. Public Relations Council.*

Bibliography for Finance Forums for Women. Six-page mimeographed list of sources on personal financial planning, home ownership, real estate and mortgages, life insurance, investments, wills, estates, taxes and trusts, and economics. *Individual copies available without charge from A.B.A. Public Relations Council.*

Bank Services. Eight-page printed material on basic banking information for women, originally prepared for the American Association of University Women. *Individual copies available without charge from A.B.A. Public Relations Council.*

Trust Services. Eight-page printed material on trust service information for women, originally prepared for the American Association of University Women. *Individual copies available without charge from A.B.A. Public Relations Council.*

Home Ownership, Real Estate and Mortgages. Four-page printed material on essential real estate and mortgage information for women, originally prepared for the American Association of Univer-

sity Women. Includes a selected reading list on additional financial information for women. *Individual copies available without charge from A.B.A. Public Relations Council.*

Banking Glossary. Eight-page glossary of terms commonly used in banking, real estate, life insurance and the investment field. *Individual copies available without charge from A.B.A. Public Relations Council.*

Midas Is a Lady. Two-page mimeographed reprint of a newspaper article by columnist Sylvia F. Porter on the growing importance of woman as a market for goods and services. *Individual copies available without charge from A.B.A. Public Relations Council.*

Why Banks Like Girls. Reprint of article, beginning on p. 65 of the *Business Building Bulletin* in *BANKING's* March 1957 issue. Points to opportunities for banks in cultivating women as customers. *Reprints available from BANKING.*

Prepared Speeches. Many of the speeches in the A.B.A. Public Relations Council "Speech Service" are suitable for banker delivery to women audiences. For example: *Women as Family Money Managers . . . Your Family's Financial Future . . . It Pays to Save . . . Using Your Commercial Bank . . . Investing Money . . . Borrowing Wisely . . . Personal Money Management . . . The Modern Way to Pay . . .* and several others. Individual speeches, including outlines and supplementary information, are available at 75 cents apiece.

More Help for Banks in Bringing Banking to Women. The A.B.A. Public Relations Council has a file of sources, including banks which have conducted successful Finance Forums for Women; also a file of speakers who have addressed Women's Forums on different subjects.

In addition, the A.B.A. Advertising Department has produced a number of ads, booklets and folders beamed directly at women or suitable for distribution to women. *Full information, including prices, can be obtained from the Advertising Department, American Bankers Association, 12 East 36 Street, New York 16, New York.*

Public Relations Information, Aids and Sources

A.B.A. PROMOTES BANKING ON FILMS AND TELEVISION

• **Future Unlimited.** The A.B.A. film on banking as a career, **FUTURE UNLIMITED**, was recently offered to another 95 television stations, making a total of three offerings to more than 200 stations over a period of four months.

FUTURE UNLIMITED has already been seen in most of the nation's major cities and is now being scheduled for showing in smaller cities. In addition, member banks and bank groups are purchasing prints for direct sponsorship or showings locally.

• **New A.B.A. Films.** Work on the newest A.B.A. film, **BANKING ON FARMERS**, number 9 in the A.B.A. film series, has reached the "shooting script" stage. It is expected that this film, in color, will be ready for Fall release.

A "story treatment" for another film, with a tentative working title of **FAMILY MONEY MANAGEMENT**, has also been prepared. If it is decided to proceed with this film idea, it will be number 10 in the A.B.A. series and should be ready for release sometime in 1958.

• **A.B.A. Release for TV.** Entitled "After the Honeymoon," another in a continuing series of A.B.A. releases on suggested banking programs was sent to 460 television stations in May. The subject of the release was tied in to June weddings and how the homemaker can handle finances more effectively through intelligent use of bank services.

The release included a 9-page mimeographed

script, 10 suggested questions for interview with a local banker, and a reproduction sheet for 9 different mats available to television stations on request for on-camera use.

These releases are distributed by the J. Walter Thompson Company in New York City. Single copies of this material may be obtained by member banks from the A.B.A. Public Relations Council.

• **A.B.A. Film Report.** From the inception of the A.B.A. film program in 1949 to May 1, 1957, 4,810 prints of 8 different film subjects had been sold to 1,122 individual bank sponsors and 486 group sponsors, including A.I.B. Chapters, county associations, clearing houses, state associations, and informal groups of two or more banks.

Breakdown of individual print sales according to the sequence in which A.B.A. films have been produced:

PAY TO THE ORDER OF	1,389
HOW BANKS SERVE	1,044
MONEY TALKS	660
A FUTURE TO BANK ON	467
USING BANK CREDIT	520
A BONE FOR SPOTTY	360
HOW TO USE YOUR BANK	308
FUTURE UNLIMITED (Just released)	62

It is estimated that A.B.A. films have been seen by over 10 million people—mostly young people.

One of the two certificates qualifying A.B.A. films **HOW TO USE YOUR BANK** and **FUTURE UNLIMITED** for screening at the 1957 Golden Reel Film Festival recently sponsored in New York by the American Film Assembly, Film Council of America.

AMERICAN FILM ASSEMBLY

Certificate of Acceptance

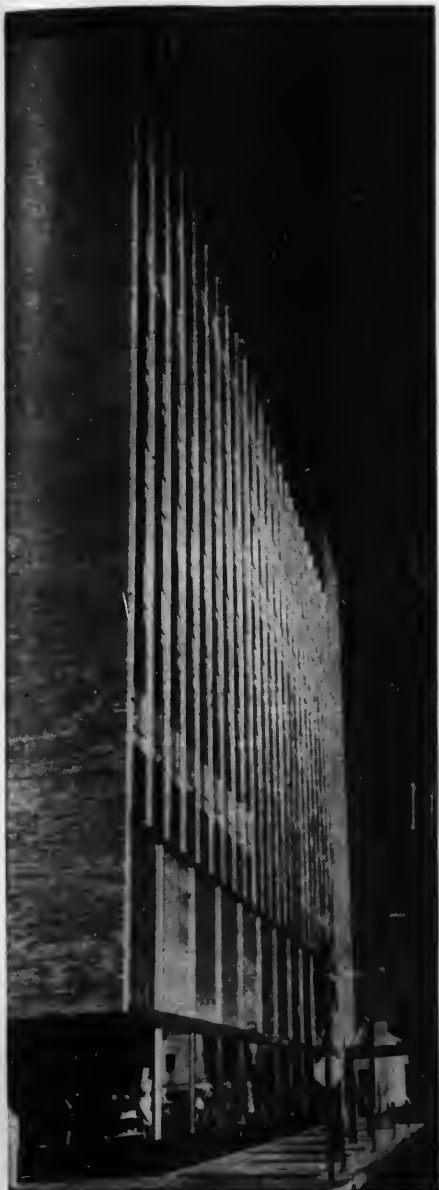
How To Use Your Bank

GOLDEN REEL FILM FESTIVAL
April 1957 New York, New York
FILM COUNCIL OF AMERICA · BWARSTON · ILLINOIS

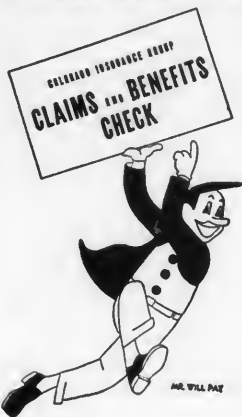
• **A.B.A. Films Honored.** Two A.B.A. films — **HOW TO USE YOUR BANK** and **FUTURE UNLIMITED** —were selected by the American Film Assembly, Film Council of America, for screening recently at the 1957 Golden Reel Film Festival in New York. **HOW TO USE YOUR BANK** was selected for the **ECONOMICS** category; **FUTURE UNLIMITED** for the **EDUCATION** category.

The Film Council of America is a non-profit membership organization dedicated to furthering the development of the 16 mm. sponsored motion picture in the communication of facts and ideas.

Brochures describing these two pictures and others in the A.B.A. film series, as well as other banking and general film information, can be obtained from the Public Relations Council on request.



New Colorado Insurance Group Building



CREDIT PROTECTION

For the Borrower

INSURED PROTECTION

For the Lender

Colorado Credit Insurance relieves the debtor of his financial obligation in the event of illness, accident or death.

Colorado Credit Insurance eliminates the expensive, troublesome, and sometime embarrassing collection proceedings against a good customer or bereaved family.

Available On Any and ALL Types of Loans:

- Secured
- Unsecured
- Open Accounts

Protection for loans up to \$200,000.00 depending on total amount of insurance written annually by each agent. First policy may be written covering loan up to \$2,500.00.

We invite your questions and will send full information upon request. Wire or call collect to the Colorado Insurance Group home office in Boulder, Colo.

AUTOMOBILE
INSURANCE

FIRE
INSURANCE

COLORADO INSURANCE COMPANY



AUTO * FIRE * LIFE * DISABILITY

CREDIT
INSURANCE

DEBT
CANCELLATION

COLORADO CREDIT LIFE

Staff Pension Plans Operating in One-Third of National Banks

Highlights of a Survey by the Office of the Comptroller of the Currency

THE first survey of national banks' staff pension plans has been made recently by the Comptroller of the Currency on the basis of examination reports for the latter half of 1956 and the early months of 1957. The data gathered are now being analyzed, and the findings will be made known to national banks in the form of a letter from the Comptroller later this year. The survey was undertaken in the interest of making available to all na-

tional banks, small and large, the cost of pension plans, in the thought that many smaller institutions may wish to install plans of their own. With such a plan, the Comptroller's office believes, small banks may do better in attracting and holding competent people over the long-run in a time when people generally are becoming increasingly pension-conscious.

The highlights of the Comptroller's survey are contained in the

accompanying table. Of a total of 4,659 national banks, the pension-plan status of 4,521 institutions is shown. The remaining 138 banks not surveyed all have plans of some type, but the data available when the table was prepared were incomplete. Almost 35% of the 4,521 banks included in the survey have staff pension plans, while the remaining 65% have none.

Although 65% of the banks surveyed had no pension plans, these were mostly smaller banks which accounted for only a fifth (19.7%) of the total number of officers and employees of all 4,521 national banks concerned. In other words, four-fifths of such officers and employees are covered by staff pension plans, as are also employees and officers of the above-mentioned 138 banks. As compared with nearly 50,000 staff members without pension rights, more than 200,000 bank officers and employees now have them.

National Banks with Pension Plans

Size of bank based on total deposits	Number of banks		Average number of officers and employees per bank with plans	Average annual cost of plan per bank	Average annual cost of plan per staff member	Cost of plan per bank as a percentage of net profits before taxes and dividends
	Without plans	With plans				
To \$500,000.....	23	0				
\$500,000 - \$750,000...	65	0				
\$750,000 - \$1,000,000...	94	2	4.0	\$2,000	\$500	21.0
\$1 - \$2,000,000.....	592	43	6.0	1,700	281	8.7
\$2 - \$5,000,000.....	1,228	331	11.2	3,100	280	7.6
\$5 - \$10,000,000.....	592	364	23.5	5,800	280	7.3
\$10 - \$25,000,000.....	280	416	45.4	12,100	266	7.6
\$25 - \$50,000,000.....	54	188	97.0	27,300	282	7.3
\$50 - \$100,000,000.....	17	98	193.5	52,600	229	7.0
\$100 - \$500,000,000.....	9	104	577.2	164,700	285	6.8
Over \$500,000,000.....	0	21	3,537.6	1,445,500	409	6.7
	2,954*	1,567**				

* Total salaried staff—officers and employees
** Total salaried staff—officers and employees

49,577	19.7%
202,058	80.3%
<u>251,635</u>	<u>100.0%</u>

* National banks without plans
** National banks with plans

2,954	65.4%
1,567	34.6%

National banks surveyed
Not surveyed (have plans but data incomplete)

4,521	100.0%
138	

Total national banks in U. S.

4,659

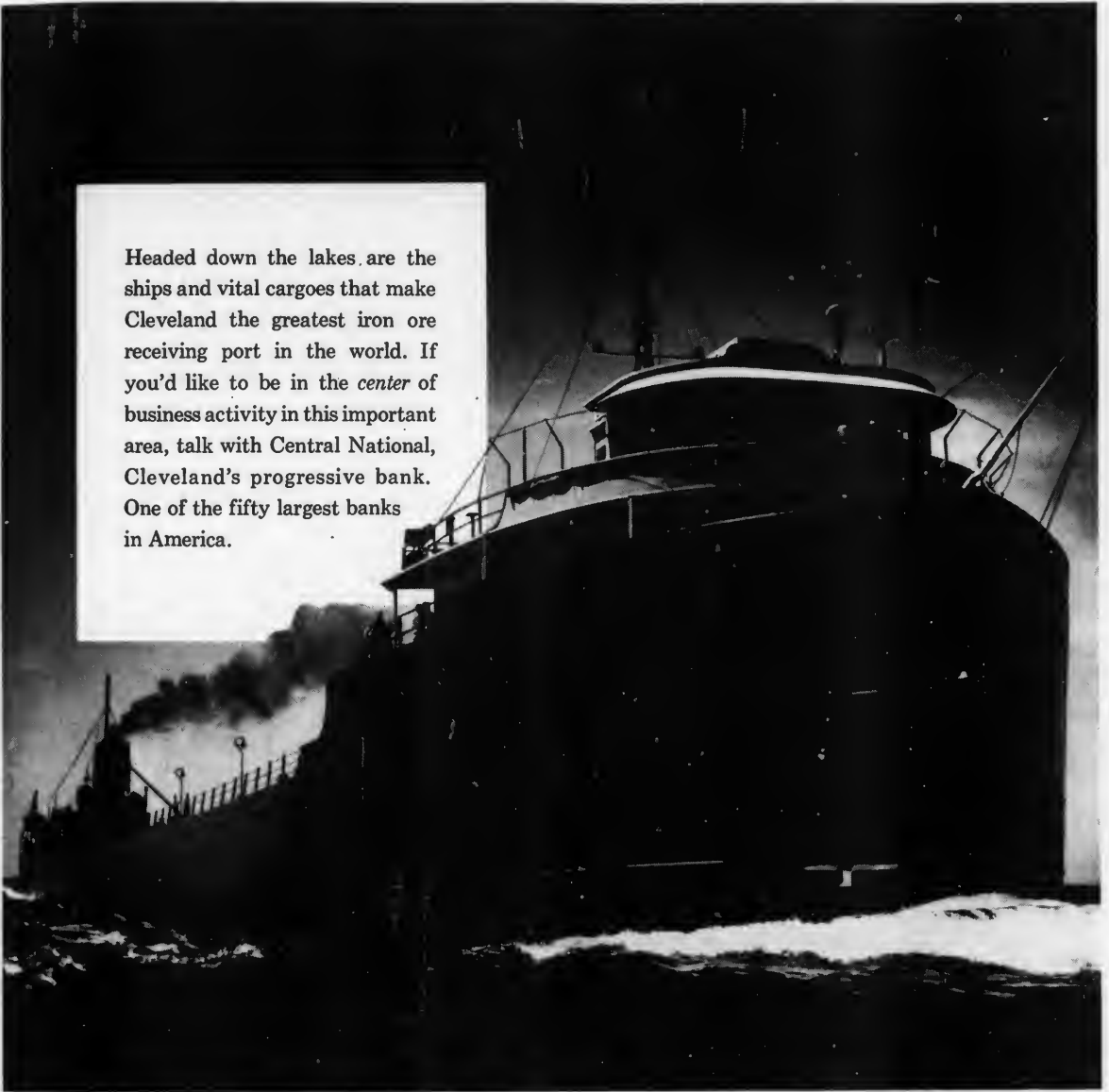
Division in Categories

The information on staff pension plans is tabulated in 11 categories, according to the size of the banks (deposits). No bank with less than \$750,000 deposits has a pension plan, there being 88 national banks in this category. Of the 96 national banks in the next largest category—\$750,000 to \$1,000,000 of deposits—only two have pension plans. At the other end of the scale, the larger the bank, the more likely it is that it has a staff pension plan. In the \$100,000,000 to \$500,000,000 category, in which there are 113 national banks, all but nine have pension plans;

(CONTINUED ON PAGE 84)

CENTRAL NATIONAL BANK

Headed down the lakes are the ships and vital cargoes that make Cleveland the greatest iron ore receiving port in the world. If you'd like to be in the center of business activity in this important area, talk with Central National, Cleveland's progressive bank. One of the fifty largest banks in America.



OF **CLEVELAND**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CLEVELAND 1, OHIO

(CONTINUED FROM PAGE 82)

while in the very largest group, banks with deposits of \$500,000,000 or more, all 21 banks have pension plans.

Deposits of \$10,000,000 appear to be the dividing line. In none of the groups below that size, as shown in the table, do the number of banks with pension plans equal the number without plans; all larger groups show the number without plans to be in the minority.

In terms of numbers of banks, the largest group is that with deposits of from \$2,000,000 to \$5,000,000, there being 1,559 such institutions. Only 331 of them have pension plans. The second-largest group in the table is formed of banks of from \$5,000,000 to \$10,000,000 deposits. Of the 956 banks in this group, 364 have plans.

With the exception of the banks with less than \$1,000,000 deposits, the cost of staff pension plans—average per group—ranges from 8.7% of net profits before taxes and dividends to 6.7%, the higher cost applying to the smallest banks and the lowest average cost to the largest banks. In the case of the two banks of less than \$1,000,000 deposits which have pension plans, the average cost is larger—21% of net profits. This percentage is obviously far out of line with the averages for the other national banks with pension plans.

Per Person Costs

The group of smallest banks with staff pension plans has an average of only four officers and employees. Up to deposits of \$50,000,000, in no group in the table is the average number of officers and employees as much as 100 per bank. The staffs of the largest national banks average more than 3,500 persons. In the very smallest group of two banks the average annual cost of the plan per staff member is \$500, but in the next smallest group the average cost is only \$281. In no other group do we find an average annual cost per staff member as high as \$300, excepting in the group of banks with more than \$500,000,000 deposits. There the average per-person cost is \$409. This may be due to the fact that in the large metropolitan banks executive salaries are high and pension rights probably commensurate.

The analysis which the Comptroller of the Currency will send to

national banks later this year will present more detail than is here given. It is expected that some information on different types of pension plans will also be made available at that time. Readers may be interested to look up the address, "Recent Developments in Bank Pension Plans," delivered on February

8, 1955, before the A.B.A.'s Mid-winter Trust Conference by Harry M. Bardt of the Bank of America N.T. & S.A.

The address was reprinted in the *Trust Bulletin*, March 1955. In it various types of bank staff pension plans are discussed.

HERBERT BRATTER



Specimen of the new bond, reduced in size

The New Punchcard Savings Bond

EFFECTIVE October 1, 1957, the Treasury plans to issue Series E Savings Bonds in punchcard form. Thereafter, the present E Bonds printed on paper will be used only for reissues.

The Treasury has issued an invitation for competitive bids for punchcard bonds. It expects to place a contract for its requirements for the fiscal year 1958 and to have a sufficient quantity produced so that, by the end of September, all issuing agents will be supplied with adequate quantities in all denominations. Beginning with bonds dated October 1, all original issues of bonds will be made on the new punchcard forms and stocks of unused paper bonds will be returned to the Federal Reserve banks for reissue purposes.

All of the \$38-billion of paper E Bonds now outstanding and all that will be issued as of September 1957 and prior dates will continue to be processed under the conventional manual and mechanical methods as they are redeemed; however, all punchcard bonds dated on and after October 1, 1957, will be recorded, both as to issues and redemptions, on electronic data processing machines, which will make for a faster,

more efficient and more economical operation.

The new punchcard bond will be in the same colors and will closely resemble the present paper bond. It will have the same terms and conditions, but will be smaller in size and susceptible of mechanical processing.

The Treasury believes that it will save a half million dollars in printing costs. There is hope that further savings can be made as the operation is perfected.

Issuing agents, who are not paid for the service, will, for the most part, realize economies through the use of bonds which have carbon paper already inserted, by the use of continuous forms which have not previously been available, or through other means.

L. S.

To succeed keep your head up and your overhead down.

To leave footprints in the sands of time you have to move.

Often the way to save face is to keep the lower part of it closed.

SECURITY

... based on *integrity and ability* ... is the

factor which has made LAWRENCE
the leader in field warehousing
for over 40 years, so specify
LAWRENCE and be secure.



LAWRENCE ON WAREHOUSE RECEIPTS

LAWRENCE
SYSTEM

... IS LIKE CERTIFIED ON CHECKS

LAWRENCE WAREHOUSE COMPANY

NATIONWIDE FIELD WAREHOUSING

37 Drumm Street, San Francisco, California
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OFFICES IN PRINCIPAL CITIES

MORTGAGE and Other CUSTOMER INSURANCE

It Protects Both Customer and Bank

HERBERT BRATTER

SEVERAL forms of customer insurance concern the banker. In this category come insurance of property pledged as collateral for loans and insurance of the borrower against casualty and other claims the meeting of which might impair his ability to meet the terms of the loan.

In the case of residential mortgage loans, it used to be regarded as adequate if the borrower took out fire insurance in favor of the lender to the amount of the mortgage. This is no longer the case. Today residential mortgage debtors are required as routine to furnish fire and extended coverage. Comprehensive personal liability insurance is also considered advantageous by some lenders as, with the advent of the amortized mortgage loan, the lender became interested not only in the value of the property, but also in the ability of the borrower to meet the mortgage terms.

Effect of Coinsurance Clause

Under certain circumstances insurance to an amount greater than that of the loan may be necessary from the lender's standpoint because of the coinsurance clause. In New York State the law gives the mortgagee the right to require fire insurance up to 100% of the insurable value of the property and permits the mortgagee to apply fire loss proceeds of the insurance toward reduction of the mortgage.

In some states insurance companies are allowed to offer package policies covering fire, casualty, and other hazards—the so-called multiple-peril policies.

Since the early 1930s banks have shown increasing interest in the insurance carried by their customers,

even when no pledge of property is involved. Where there is a pledge of property—e.g., freight cars, diesel engines, ships, aircraft, commodities, or other personal property—lenders usually require that they be named as loss payees under the covering insurance. Where equipment is involved, the bank must analyze the insurable risks and know the degree to which such risks are insured by others in the same general business as the borrower. Where equipment is financed when new, the question of insurable value does not trouble the bank. As in the case of individual homeowners, however, the bank is interested that its business borrowers, too, be adequately insured and often suggests to its customers increased protection, even though existing insurance adequately covers the amount of the loan.

During a long period of rising real estate values and construction costs, informing mortgagors of the need

to maintain insurance to value requires special effort on the part of lenders, especially when real property mortgages represent a large percentage of invested assets as in the case of savings banks.

Attached to fire policies, the standard mortgage clause, it should be noted, protects the bank even in cases where the mortgagor is unable to collect.

Loss Payable Clause

The present edition of the loss payable clause, designed to protect banks on loans secured by automobiles, names only the bank as loss payee to the extent of its interest. This clause, NAUA No. 51—Edition June 1951, also authorizes lienholders to file proofs of loss when the owners of encumbered cars fail to do so. This clause protects the bank when an insured borrower has disappeared or died or where a difference of opinion between him and the bank as to disposition of the loss payment arises. Certain additional safeguards for the lender are given by this clause.

A Lender's Loss Payable Clause, designated Form I. R. June 1952, gives banks similar protection when attached to fire insurance policies covering personal property other than automobiles. These clauses are designed for attachment to policies written on an individual basis. Many banks have blanket or master automobile insurance policies, under which they issue certificates providing physical damage insurance to borrowers. Care must be exercised that such policies contain the protection given by the automobile loss payable clause as described in the A.B.A. *Protective Bulletin* of September 1951.

"Mr. Boomer, if you're looking for a nice little \$10,000 doll house, here's one for \$14,500"



In connection with insurance on dwellings, it is advisable for banks to point out to borrowers the multiple coverages available in the new dwelling, building(s) and contents broad form, the dwelling buildings special form, and homeowners policies. In addition to the risks protected against in the standard fire policy with extended coverage, the new broad forms insure against many additional risks to which buildings are sometimes subject.

A bank lending a substantial sum to an industrial or commercial borrower should make sure that the latter has adequate fire, public liability, automobile, workmen's compensation, product liability, use and occupancy, general and contractual liability insurance, and the like. It may be advisable for the bank to call in its own insurance agent to review the customer's policies.

"Statement of Insurance Coverage"

Bankers who are hesitant about asking a business client for details as to its insurance in force may find it helpful to prepare a printed "statement of insurance coverages" form, along the lines of that shown on page 87. The use of such a statement is as much justified as is the request that a borrower furnish a financial statement. Since loan collateral and borrowers are subject to many and varied risks, and since the bank has an obligation not only to its depositors but to the community it serves to operate on a sound basis, the importance of its having adequate information about the insurance protecting those heavily indebted to the institution is self-evident. Use of an insurance inquiry form puts the matter on as impersonal a basis as possible and tends to minimize any difficulties in obtaining the borrower's cooperation.

Use and occupancy insurance, mentioned above, can be very important from the bank's standpoint. It is sometimes called by other names, including: business interruption, business continuity, earning power, prospective earnings, and net earnings insurance. Not to be confused with extra-expense insurance, which is designed for financial institutions, use and occupancy coverage affects banks only indirectly by protecting their borrowers. It covers not direct loss due to damage to or

destruction of physical property, but indirect or consequential loss to the customer of the bank.

Thus, although a fire insurance policy may enable the insured to reconstruct the property burned down, it does not reimburse the fire policy holder for profits lost while the reconstruction is effected. Use and occupancy insurance, however, is designed to do just that. Without it the bank's customer may be unable to meet its commitments to the bank. The holding of such insurance by the borrower is, therefore, of interest to the bank.

Profits and Commission Insurance

A similar form of insurance available to bank customers is profits and commissions insurance. It relates to the expected sale of goods already manufactured and stored awaiting delivery.

Bankers blanket bond Standard

Forms 5 and 24 cover loss of customers' money or securities through robbery, holdup, larceny, thefts, etc., on the bank's premises, including outside tellers' windows, driveways, parking lots, and the like. Bankers' blanket bonds, however, do not protect the depositor against forgery. For this purpose depositors' forgery insurance is recommended. Not only does it protect the insured; it may save the bank from disputes and litigation. Many banks require the depositor to have this insurance if use is made of mechanically signed checks, and in addition they require an indemnity agreement relieving the bank of liability for the payment of forged checks bearing facsimile signatures.

Inadequate customer insurance is a loophole to loss. Adequate customer insurance protects both customer and bank. It should be an integral part of every bank's program.

See discussion at left

Approved by National Association of Credit Men

INSURANCE STATEMENT

IMPORTANT The insurance you carry has a direct and extremely important bearing on your financial standing. Excellent firms with normally adequate capital resources have had their financial standing seriously impaired or become actually insolvent because they were inadequately insured.

Please give below details of the insurance you carry. This should be useful to you not only because it will help your credit standing but also because it will enable you to review your insurance problem. Your insurance adviser can supply details of most of the information required.

The forms of insurance listed represent those most commonly in force in the average commercial business. It should be clearly and definitely understood, however, that the mere fact of your carrying all these forms does not in itself prove that you are adequately insured. You may need additional forms, or fewer, depending largely on the particular nature of your business. These are points on which you should consult your insurance adviser.

	BUILDINGS	COINS %	MACHINERY & FURN. & FIXT.	COINS %	MERCHANDISE	COINS %	USE & OCCUPANCY	COINS %
Fire	\$		\$		\$		\$	
Windstorm								
Explosion								
Riot								
Sprinkler Leakage								

If your insurance is the "Blanket" type, show total amount (followed by the word "Blanket") in the "Buildings" column.

Steam Boiler — Property Damage	\$	Steam Boiler — Use & Occupancy	\$
Machinery Breakdown —		Machinery Breakdown —	
Transportation — Domestic Shipments		Transportation — Ocean Shipments	
Interior Robbery		Payroll Robbery	
Safe Burglary		Stock Burglary	
Fidelity Bonds		Check Forgery	
Public Liability on Premises		Employers' Liability	
Elevator Public Liability		Products Public Liability	
Auto Public Liability (owned cars)		Auto Public Liability (non-owned cars)	
Auto Property Damage (owned cars)		Credit Insurance on Accounts Receivable	
Workmen's Compensation — Are all your employees included?	Yes No	Life Insurance (Payable to business)	
If you hold property of others is your liability insured?	Yes No	Does your Public Liability insurance cover construction work done on your premises?	Yes No
If you have assumed liability of others under any contract such as lease, has your Public Liability policy been extended to cover it?	Yes No	Have you made sure that all policies covering the same property or liability read alike?	Yes No

If you carry any other insurance list details below.

Issued to _____ Issued by _____
 Address _____ Address _____
 Date _____ By _____

(114)



EVERETT D. REESE, chairman of the board, The Park National Bank, Newark, Ohio; president, American Bankers Association, 1953-54.

Opportunities Abound . . .

I AM just one of tens of thousands of bankers who have implicit faith in the continuing expansion and progress of our economy. As we say in the new A.B.A. film, *Future Unlimited*, opportunities abound for young people entering our field and for those who have already established years of service in big banks and small. The future holds a challenge for the banking profession unequalled by any other single business enterprise for the mighty simple reason that our service affects all business.

I am especially delighted to see that BANKING's editorial menu includes pertinent news and informative articles on recruitment, education, executive development and especially — the Business Building Bulletin. It's great stuff.

Congratulations on the 50th milestone of an excellent publishing record.

EVERETT D. REESE

Main Street

(CONTINUED FROM PAGE 30)

The School of Banking of the South, at Louisiana State University, Baton Rouge, numbered this June a student body of 356 bankers from 17 states.

PAUL E. BELCHER, MELVIN M. HELLER, and WM. T. SALTSMAN advanced to senior vice-presidents at First National Bank of Akron.

BEN H. WOOTEN, president of First National Bank in Dallas, is one of eight new trustees recently named to the board of the University of Texas Southwestern Medical School in Dallas.

J. EARL COKE, vice-president of the Bank of America, San Francisco, was elected to the board of directors of the National Committee on Boys and Girls Club Work.

ARTHUR J. MORRIS, chairman of the Industrial Bank of Commerce, New York, and president of Bankers Security Life Insurance Society, was awarded a Doctor of Laws Degree by the University of Miami. The honorary degree was conferred for founding consumer banking and credit life insurance in the United States.

RITA HARVEY of East New York Savings Bank has been elected president of Savings Bank Women of

CALIFORNIA

Anderson Borthwick, president, The First National Trust and Savings Bank of San Diego, is 1957-58 president, California Bankers Association



New York. She succeeds PAULINE SUSSILLO of East River Savings Bank.

W. PAUL STILLMAN, president of the National State Bank of Newark, has been named "The Outstanding Citizen of New Jersey for 1956" by the Advertising Club of New Jersey. MR. STILLMAN is credited with sparking the redevelopment of the city of Newark, and it was stated that his record of service to city, state, and nation has "been so great that his selection as Outstanding Citizen is a long-overdue tribute."

There are plans to merge the Richford (Vt.) Savings Bank and Trust Company into FRANKLIN COUNTY BANK, St. Albans, Vt.

WILLIAM D. SMITH of Irving Trust Company has been elected president of Bank Credit Associates of New York.

RANSOM R. FRAZIER has been elected president of the Bank of Ziegler, Ill., and is succeeded as executive vice-president by VALLIE FLACK.

MORRIS A. ENGELMAN, auditor of Bankers Trust Company, has been named president of the New York City Conference of the National Association of Bank Auditors and Comptrollers. CHARLES L. LEIST, assistant comptroller of Chase Manhattan Bank, was elected vice-president, and CHARLES H. MOUNT, vice-president of the Bergen Trust Com-



Harry L. Nielsen



Henry J. Taylor



P. L. Greenawalt



C. A. Calderón

pany of New Jersey, was named secretary-treasurer.

HARRY L. NIELSEN, auditor of National Newark & Essex Banking Co., Newark, has been elected president of the New Jersey Conference of Bank Auditors and Comptrollers.

HENRY J. TAYLOR, a trustee of The Manhattan Savings Bank, New York, is now U. S. Ambassador to Switzerland.

PUBLIC BANK, Detroit, has incorporated June 4 and hopes to be in operation this summer. Sixteen directors have been named, and four vacancies have been left for further development and consideration. Initial capitalization has been established at \$2,500,000.

FIRST NATIONAL BANK AND TRUST Co., Tulsa, had an "Oxcart to Aircraft" display during Oklahoma's demi-centennial celebration.

The FARMERS STATE BANK in Welch, Minn., is to be moved and its name changed to FARMERS STATE BANK OF RED WING, Minn.

PHILIP L. GREENAWALT advanced to vice-president in charge of mortgages at The Brooklyn (N.Y.) Savings Bank.

CÉSAR A. CALDERÓN has been named by Governor Luis Munoz Marín to the board of directors of the Government Development Bank for Puerto Rico, to fill the vacancy created by the death of AGRIPINO ROIG. MR. CALDERÓN, a graduate of M.I.T., is president and principal stockholder of Mantecados Payco, Inc., largest manufacturer of ice cream and related products in Puerto Rico. He has been commercial director of the Puerto Rico Industrial Development Company.

LUFKIN (Tex.) NATIONAL BANK has started construction on a new building which is to cost in excess of \$800,000.

RODOLPHE HUART, Belgian-born foreign trade authority, now attached to the office of the Belgian Consulate General in New Orleans, has been named head of the newly created international trade department of the National Bank of Toledo.

STATE ASSOCIATION PRESIDENTS

Left to right: INDIANA—Walter A. Schlechte, president, Old National Bank, Evansville; MARYLAND—W. M. Milford, honorary chairman, County Trust Company of Maryland, Cambridge; OKLAHOMA—O. H. Kirk, president, First National Bank, McAlester



TRUSTS with RESERVED POWERS

Careful Draftsmanship Is Necessary in Achieving the Estate Owner's Desire for Some Voice in Administration

WILLIAM J. BOWE

The author is professor of law at the University of Colorado. This is one of a series of articles which he is writing for BANKING on estate planning.

ESTATE OWNERS are naturally interested in the avoidance of death taxes through lifetime gifts, but too often the desired objective is to give for tax purposes but to retain control over the assets for most other purposes. As Mr. Justice Cardozo pointed out in *Burnet v. Wells*,¹ the yearly revisions in the revenue acts present "a record of the Government's endeavor to keep pace with the fertility of invention whereby taxpayers had contrived to keep the larger benefits of ownership and be relieved of the attendant burdens."

Assume an estate owner with \$400,000 of capital assets and a family consisting of three children. Gifts in trust of present interests for the benefit of the three children in the total amount of \$100,000 will eliminate potential estate taxes of \$32,000 and incur gift taxes of about \$7,000, a saving of \$25,000. This estate owner will want to save the \$25,000 but will hesitate to surrender final control over the property given away. He will want to continue to have a voice in investment policies, in discretionary determinations as to the times and amounts when income and principal

distributions are to be made. In short, he will want to retain some of the controls and satisfactions that belong to the holder of the family purse strings. For this reason he is likely to insist on being at least one of the co-trustees of any substantial gifts that he may make.

Reserving Control Over Investments

The retention of the privilege of approving or disapproving changes in investments has never been regarded as within the contemplation of the code sections requiring the inclusion of property in the taxable estate of the donor, because he has retained strings upon the property.² Hence, the possession of this power as co-trustee will not have adverse estate tax consequences. However, in particular situations, the income tax aspects of the retention of voting and investment powers by a grantor of a trust must be considered.³

Reserving Absolute Discretionary Powers

Code Section 2038 requires the inclusion in the estate of the settlor

of any property transferred by gift during life if the settlor, alone or in conjunction with any other person, had the power at the date of his death to change the enjoyment of the property through the exercise of a power to alter, amend, revoke, or terminate. It is immaterial whether he had this power individually or as trustee. Further it is immaterial whether or not he was required to obtain the consent of an independent co-trustee or even of a beneficiary with a substantial adverse interest before he could exercise the power.⁴ It is enough that he had a voice, however weak or ineffectual legally it might be, in any decisions that might have affected the enjoyment of his beneficiaries. Thus a power to change the beneficiaries,⁵ to alter their shares in income or corpus, to delay payments of income or accelerate corpus distributions⁶ will run afoul of this section. The extreme example is the recent *Lober* case in the Supreme Court.⁷

Lober had declared himself trustee of certain securities for the benefit of his son. He had the power, as trustee, to distribute or accumulate income until the son reached 21, at which time all accumulations were to be paid over to him. The corpus was to be distributed to the son at 25. Lober retained the sensible power to pay out corpus at an earlier date
(CONTINUED ON PAGE 92)

¹ 289 U.S. 670 (1933).

² Cf. *Estate of Wilson v. Commissioner* 18 T.C. 869, aff'd 187 F.2d 145 (C.C.A. 3rd 1951).

³ I.R.C. Sec. 675.

⁴ *Helvering v. City Bank Farmers Trust Co* 296 U.S. 85 (1935).

⁵ *Porter v. Commissioner* 288 U.S. 436 (1933).

⁶ *Commissioner v. Estate of Holmes* 326 U.S. 480 (1946).

⁷ *Lober v. United States* 346 U.S. 335 (1953).



The First National Bank of Birmingham
 Birmingham, Alabama

*Benefiting greatly from their large number
 and various types of Brandts.*

The following is quoted from a letter received from The First National Bank of Birmingham:

"We have in our Main Office and Branches 88 Brandt Cashiers, 5 Brandt Counters and Packagers, and 2 Brandt Sorters and Counters."

"During the rapid growth our bank has had in recent years we have found this equipment to have been most valuable to us in handling the substantial increase in volume we have experienced. They have enabled us to handle our window customers much faster and have greatly speeded up the handling of our coins in our tellers' department."

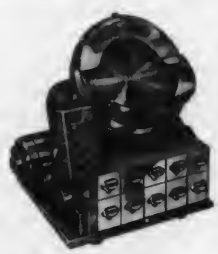
Like many banks, large and small, throughout the country, The First National Bank of Birmingham is well equipped with Brandt machines of all types. The great speed and absolute accuracy of Brandts in the handling of coins benefits both banks and customers alike.



Model 250
 Brandt Automatic Cashier



Model 150
 Brandt Automatic Cashier



Model 5L (motor driven)
 Brandt Coin Sorter and Counter



Model CHM (motor driven)
 Brandt Coin Counter and Packager
(this machine can also be supplied in a hand operated model)

BRANDT AUTOMATIC CASHIER COMPANY

WATERTOWN Established 1890 WISCONSIN

"Brandt" and "Cashier" registered United States Patent Office. Sole U.S. Agent, The First National Bank of Birmingham, Birmingham, Alabama.

Trusts with Reserved Powers

(CONTINUED FROM PAGE 90)

if he, in his discretion, should deem this advisable. The court assumed that, if the son died prior to attaining 25, the corpus would vest in his estate. Thus Lober had no power to change the beneficiary. His sole power was to accelerate the date of distribution. The entire corpus was held taxable as part of Lober's estate because of the retained power to determine the time of enjoyment. Nor would it have made any difference if Lober had been acting as a co-trustee with a corporate fiduciary whose consent was also required.⁸ But the tax might have been avoided if the power to distribute had been conditioned upon an objective standard such as "needed to maintain my son's accustomed standard of living." Query, if the addition of this clause would have factually changed his power, since he would never have exercised the broad power retained unless some emergency arose. But from an estate tax standpoint the limitation on his power would have avoided the tax, as the cases next discussed illustrate.

Discretionary Powers Limited by Objective Standards

Where the grantor insists on being a co-trustee, it is possible to retain discretionary powers and still achieve the objective if the instrument of gift is carefully prepared. Thus in *Estate of Wilson*⁹ the trustee's power to accelerate income or principal payments was "in case of need for educational purposes or because of illness or for any other good reason." In *Weir*¹⁰ it was for "support, maintenance, and education," with a paragraph added that it was contemplated that, because of the availability of other funds, "it will not be necessary or proper to use either income or corpus of the trust hereby created to provide properly for her education, maintenance, or support." In both of these cases the courts indicated that the power was not an absolute one and that even if the grantors were trustees the powers would not require inclusion of the trust assets in their respective estates.

In the leading case of *Jennings v. Smith*¹¹, the trustees, of whom the settlor was one, were authorized to invade principal if the beneficiaries

"should suffer prolonged illness or be overtaken by financial misfortune which the trustees deemed extraordinary." The court held that since the "trustees were not free to exercise untrammelled discretion but were to be governed by determinable standards, their power to invade capital, conditioned on contingencies which had not happened," kept the property out of the reach of Section 2038. In the *Estate of Budlong*¹², the power was to invade corpus for the benefit of the beneficiaries "in the event of sickness or other emergency." The court again excluded the corpus from the tax estate as the "decendent did not have a free rein to expend the corpus or give it to whom he pleased."

Power to Alter

These cases seem sound, as inclusion of the corpus in the taxable estate of the settlor is based upon the power to alter, amend, revoke, or terminate existing at the date of his death. If the conditions upon which the objective standard operates do not exist at that time, the power does not exist. Thus, if neither "prolonged illness" nor "financial misfortune" had, in fact, overtaken the beneficiaries in *Jennings*, the trustees were without power to invade. Any invasion would then have been in violation of the terms of the trust. Similarly in *Weir*, so long as the parents had adequate funds for the "support, maintenance, and education" of the daughter, there was, in fact, no power to invade or change the beneficial interest as created by the governing trust instrument.

On the other hand, the standard may be so vague as to be non-existent in the sense that a court of equity would not or could not control it. Thus, in *Markson v. Commissioner*,¹³ the decedent, as trustee, could invade corpus for the "comfort and happiness" of his wife. In *Hurd v. Commissioner*,¹⁴ invasion was authorized "if the circumstances

(without specifying them) so require." These were held equivalent to absolute powers.

Reservation of a Power to Remove the Trustee

Frequently the settlor will be willing to forego the retention of any powers to alter or amend if he may retain the power to remove the trustee and appoint his successor. The retention of such a power, if, but only if, the settlor may designate himself as substitute trustee, will cause him to be treated as though he had all the powers given to the trustee. This seems correct, since the power to put himself in the position of the trustee through the uncontrolled right to designate himself trustee is the equivalent of possessing the trust powers. If, however, on removal, he must designate a successor trustee, other than himself, then he can never himself exercise any of the trust powers.

Drafting Trusts with Settlor as Co-Trustee

In theory, the distinctions made by the cases seem legally sound. The law has to draw lines, and there are clear legal differences between an absolute power to invade and a power exercisable only upon the happening of future contingencies. In the first case there is a presently existing power; in the second, there is a possibility that, at some future date (which may never in fact materialize), the decedent may acquire the power. Similarly there is a real difference in the control possessed by the settlor if he may at his whim and pleasure make himself trustee by removing the present trustee, as contrasted with the situation where he must, on removal, appoint someone other than himself.

But in actual practice the distinctions may not have important factual significance to most settlors. In the absolute discretionary trusts the trustees may not act arbitrarily. Trust law requires that invasions be made only after bona fide consideration of the circumstances surrounding the request for a distribution of principal. Trustees are traditionally hesitant to invade principal for the benefit of income beneficiaries in the absence of good reasons, since they have obligations to the remainderman — frequently persons not yet ascertainable. Hence,

(CONTINUED ON PAGE 94)

⁸ *Reinecke v. Northern Trust Co.* 278 U.S. 339 (1929).

⁹ *Estate of Wilson v. Commissioner* 13 T.C. 869, aff'd 187 F.2d 145 (C.C.A. 3rd 1951).

¹⁰ *Estate of Weir v. Commissioner* 17 T.C. 409 (1951).

¹¹ 161 F.2d 74 (C.C.A. 2d 1947).

¹² *Estate of Budlong v. Commissioner* 7 T.C. 756 (1946).

¹³ 3 T.C.M. 309 (1944).

¹⁴ 160 F.2d 610 (C.C.A. 1st 1947).



“One of the best investments we could have made,”

*says Mr. C. B. Outen, President,
First National Bank of Gainesville,
Gainesville, Florida*

“While we cannot place a definite value on the beautiful glass work of our new buildings, we do know that it has elicited numerous compliments and our business has increased substantially.”

In this modern bank, designed by the Bank Building Equipment Corporation of America, St. Louis, Missouri, good use was made of several Pittsburgh Products. The large glass areas are Pittsburgh Polished Plate Glass and SOLEX® Heat-Absorbing Plate Glass. Supporting glass members are PRITCO® Store Front Metal and the entranceways feature nine HERCULITE® Heat-Tempered Plate

Glass Doors. In the interior, a hundred square feet of Pittsburgh Plate Glass Mirrors were installed.

Perhaps the bank shown here will give you some ideas on remodeling your own bank building. And remember, Pittsburgh Open-Vision Fronts can also be installed on the retail buildings owned and operated by your bank, and other retail store remodeling jobs can be good sources for modernization mortgages. For more information—and examples of Pittsburgh Fronts—just send in the convenient coupon. We'll be glad to send you our new store front booklet.



Pittsburgh Plate Glass Company
Room 7309, 632 Fort Duquesne Blvd.
Pittsburgh 22, Pa.

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PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

Trusts with Reserved Powers

(CONTINUED FROM PAGE 92)

the absolute discretionary power in practice means something considerably less than absolute.

On the other hand, while conditions satisfying an objective standard must be shown to exist before the power can be exercised, the trustee, by law, is vested with the authority to decide this question. Within fairly wide limits, his determination that "need for educational purposes" exist (the Wilson

case, for example) will not be reviewed by a court unless it appears clearly erroneous. This is because the settlor designated the trustee, not the court, to make the determination.

Because of what has been said above, it is believed that most settlors will be satisfied to have retained powers, such as are desired to insure trust flexibility, couched in the language of substantial objective

standards.¹⁵ Invasion is rarely contemplated in these cases unless some real emergency or change in circumstances arises, after the creation of the trust, to alter the original plan in whole or in part. Many lawyers and many trust officers, quite apart from tax considerations, prefer that the circumstances under which powers to change beneficial interests may be exercised should be spelled out in considerable detail for their guidance.

Thus, it is possible, without losing the estate tax advantages that inter vivos trusts achieve, to satisfy the understandable desires of most estate owners to retain some voice in the actual administration of gifts in trust through careful draftsmanship.

It is not particularly recommended that draftsmen attempt to follow the particular language used in instruments which have survived litigation in the courts. Each case must stand on its own feet. All the surrounding circumstances will enter into the interpretation of a given trust agreement, and judges may reach apparently diverse results upon much the same language. Might not the Wilson case have floundered on the last clause: "in case of need for educational purposes or because of illness or for any other good reason"?

Draftsmen, aware of the problem, will not encounter too much difficulty, however, in specifying the standards, without depriving the trust of the flexibility that has made the use of the trust technique such a desirable medium for family settlements.

¹⁵ A power to distribute corpus "to or for a beneficiary or beneficiaries or to or for a class of beneficiaries (whether or not income beneficiaries), provided the power is limited by a reasonably definite standard," will not cause the income to be taxed back to the grantor, regardless of who holds the power. See I.R.C. Sec. 674 (b) (5).

The one crop that is harvested green here and in other countries is the American traveler.

When a wife says she wishes she had gone in for a career instead of marriage, she probably doesn't wish it any more than her husband does.

There are two times when a man doesn't understand a woman—before marriage and after marriage.

Only the person who is going some place needs to watch his step.

Trends and outlook for

TAX-EXEMPT BONDS

at mid-year 1957

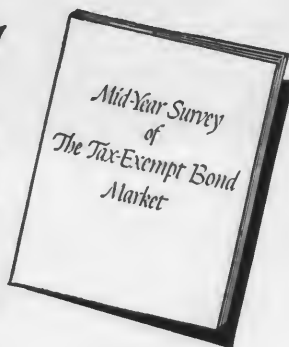
Not in 20 years has the investor been able to obtain as much take-home yield as is now available from state, municipal, revenue and other tax-exempt bonds. And, in addition, tax-exempt bonds offer widely recognized qualities of safety and marketability.

Our Mid-Year Survey of the Tax-Exempt Bond Market discusses the changes and the opportunities in today's market and helps you to relate them to your own investment situation.

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a few of the valuable services our Foreign Department renders. Experienced officers make available to you the facilities of our vast network of correspondent banks abroad—a network that has grown steadily for 90 years and extends into every corner of the globe.

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The Country Banker

E. W. Daniel, right, explains his Soil Bank program to a friend*

Soil Bank Attacks Crop Surplus Problem

TRUE D. MORSE
Under Secretary of Agriculture

To meet the deadline for this issue of **BANKING**, Under Secretary Morse prepared this discussion of the Soil Bank while Congress was still considering whether to approve an Acreage Reserve program for 1958 crops. The purpose of the article is to help bankers explain the Soil Bank program to the farmers who go to them for advice on the subject.

THE Soil Bank is a temporary, emergency program to help accomplish three major objectives:

(1) Reduce the flow of new surplus farm crops into Government warehouses while we sell, barter, or help the needy with stocks already on hand;

(2) Maintain net farm income while farmers make crop production changes postponed after World War II because wartime price incentives for high production were kept in effect; and

(3) Conserve soil, water, trees,

and wildlife for the future use and benefit of our rapidly growing population.

The deluge of crop surpluses, which reached nearly 8,000,000 bales of cotton and almost a billion bushels each of wheat and corn in Government warehouses, resulted

*The above picture shows how the Soil Bank program works on good land on the farm of E. W. Daniel, of Belleville, Ga. Except for the Soil Bank, the land on the left would be in corn this year. Peanuts, not included in the 1957 Soil Bank, are coming up on the cultivated cropland on the right. Last year's corn stalks still can be seen on the "banked" land on the left. Mr. Daniel put more than 24 acres in the Acreage Reserve—17 acres of his corn allotment, 5 acres of his cotton allotment, and 2.59 acres of his tobacco allotment. He also put 10 acres in the Conservation Reserve under 10-year contract. That land will be planted in pine trees.

from delayed postwar production adjustment and rapid improvements in farming methods.

During the war, farmers were asked for all-out production. They responded magnificently. When the war and the following Korean emergency ended, the high price incentives that stimulated wartime production were continued. And most farmers delayed production adjustment.

Marketing Quotas, Acreage Allotments

Marketing quotas or acreage allotments, or both, were placed in effect as required by law to reduce production. Surplus disposal was stepped up wherever possible, at home and abroad. Yet surpluses continued to pour into Government warehouses until the storage cost totaled almost \$1,000,000 a day.

And much of the excess production came from land that, because of soil type or slope or weather hazards, is not suited for the regular

Combined with vigorous programs to dispose of surpluses already on hand, the Soil Bank should help farmers avoid more stringent production controls and again place them in a position to produce for the market and not for the Government warehouses.

production of the crops being grown. In short, some land was being damaged by erosion or leaching, and flood hazards were being increased, to produce crops we couldn't consume or couldn't sell abroad. Production on weak land can be a calculated risk necessary to win a war, but it's a peacetime extravagance.

The productive capacity of thin soils needs to be conserved and built-up as a reserve to be used for future emergencies—or after population pressures call for more food.

In the meantime, farmers were caught in a postwar cost-price squeeze that made adjustment to peacetime production even more difficult. Net farm income declined. This trend was reversed when net farm income turned upward in 1956, although production costs that year were higher than they were in 1955.

These difficulties are traceable, at least in part, to actions of the Government, which urged all-out production during the war and continued the price incentives afterward. It would be unfair to ask 22,000,000 farm people to bear all the burden of adjustment for which the whole community is responsible.

The Soil Bank is designed as a direct attack on the surplus problem, with payments to help offset loss of net income while production is being adjusted. It includes an important conservation program to help farmers store productivity in the soil instead of storing crops in warehouses.

Didn't Get Fair Trial in 1956

The Soil Bank did *not* have a fair trial in 1956. The program was authorized by Congress after most 1956 crops had been planted. Against its own recommendation, the Department of Agriculture was required to offer a 1956 program designed more for drought, flood, and other disaster relief than for surplus reduction. Under such provisions in the law—there had to be large payments with no corresponding reductions in crop output.

The Soil Bank is having a fair trial in 1957. This year's program was announced to farmers well in advance of the planting season.

And they voluntarily placed more than 28,000,000 acres in the Soil Bank—over 21,300,000 acres in the Acreage Reserve and almost 6,800,000 acres in the Conservation Reserve.

Acreage Reserve Feature of Bank

The *Acreage Reserve* part of the Soil Bank is a direct attack on accumulated surpluses of the "basic" crops, such as corn, cotton, and wheat.

Farmers with acreage allotments for corn, upland cotton, wheat, rice, and tobacco could put a part of their allotment land in the 1957 Acreage Reserve. Under 1-year agreements to produce no crop for harvest, they placed in this program almost 12,800,000 acres of wheat, 5,200,000 acres of corn, 3,000,000 acres of upland cotton, 242,000 acres of rice, and almost 80,000 acres of tobacco.

If these farmers carry out their agreements to reduce production of these five "basic" crops by a total of more than 21,300,000 acres, they stand to earn about \$614,000,000. These payments, based on the appraised productivity of the land placed in the Acreage Reserve, will help to offset the loss of *net income* on this land taken out of production for one year.

The national average payments per acre in 1957 will be about \$18.07 for wheat, \$37.17 for corn, \$50.80 for upland cotton, \$64 for rice, and \$231.39 for tobacco.

The Acreage Reserve was authorized by Congress to be operated for four years—1956 through 1959.

The *Conservation Reserve* is the longer-range part of the program. Any general cropland not needed now for crop production can be retired under 3-, 5-, or 10-year contracts with the Government. This land must be kept in grass, trees, wildlife plantings, or water storage for at least the number of years specified in the Conservation Reserve contract. Most contracts will be ended December 31, 1969, and the entire program must be closed by December 31, 1974.

As the President said when he

approved the Soil Bank, the conservation feature of the program "can be the most significant advance in the conservation field in many years." It offers farmers opportunity to make long-time land use changes.

Two different kinds of payments can be earned by farmers under the Conservation Reserve.

One is the conservation practice payment. In most counties, farmers will be paid up to 80% of the cost of planting grasses and legumes or trees, or planting shrubs for wildlife cover and feed, on the cropland placed in this program. The cost of building dams for farm ponds and creating marshes for wildlife also is cost-shared.

Farmers also receive an annual rental payment for each acre for each year it is under Conservation Reserve contract. The national average rental payment is \$10 an acre.

Of the nearly 6,800,000 acres now in the Conservation Reserve, more than 5,400,000 will be placed under permanent cover of grass or grass and legumes. More than a half million acres will be planted to trees under 10-year contracts.

Too Early to Judge Soil Bank

It is too early to judge fully the effect of the Soil Bank on surplus reduction and long-range land use adjustment. But the evidence at hand thus far indicates that farmers are using this program to help them make long-delayed postwar production adjustments—adjustments which the Government itself had, in part, encouraged farmers to delay.

Farmers with small numbers of crop acreages are often seeking other employment to supplement their income. The Soil Bank will give them the chance to make adjustments with less risk—and while receiving income from their land.

Combined with vigorous programs to dispose of surpluses already on hand, the Soil Bank should help farmers avoid more stringent production controls and again place them in a position to produce for the market and not for the Government warehouses.

Banks Hold Large Share of Farm Debt

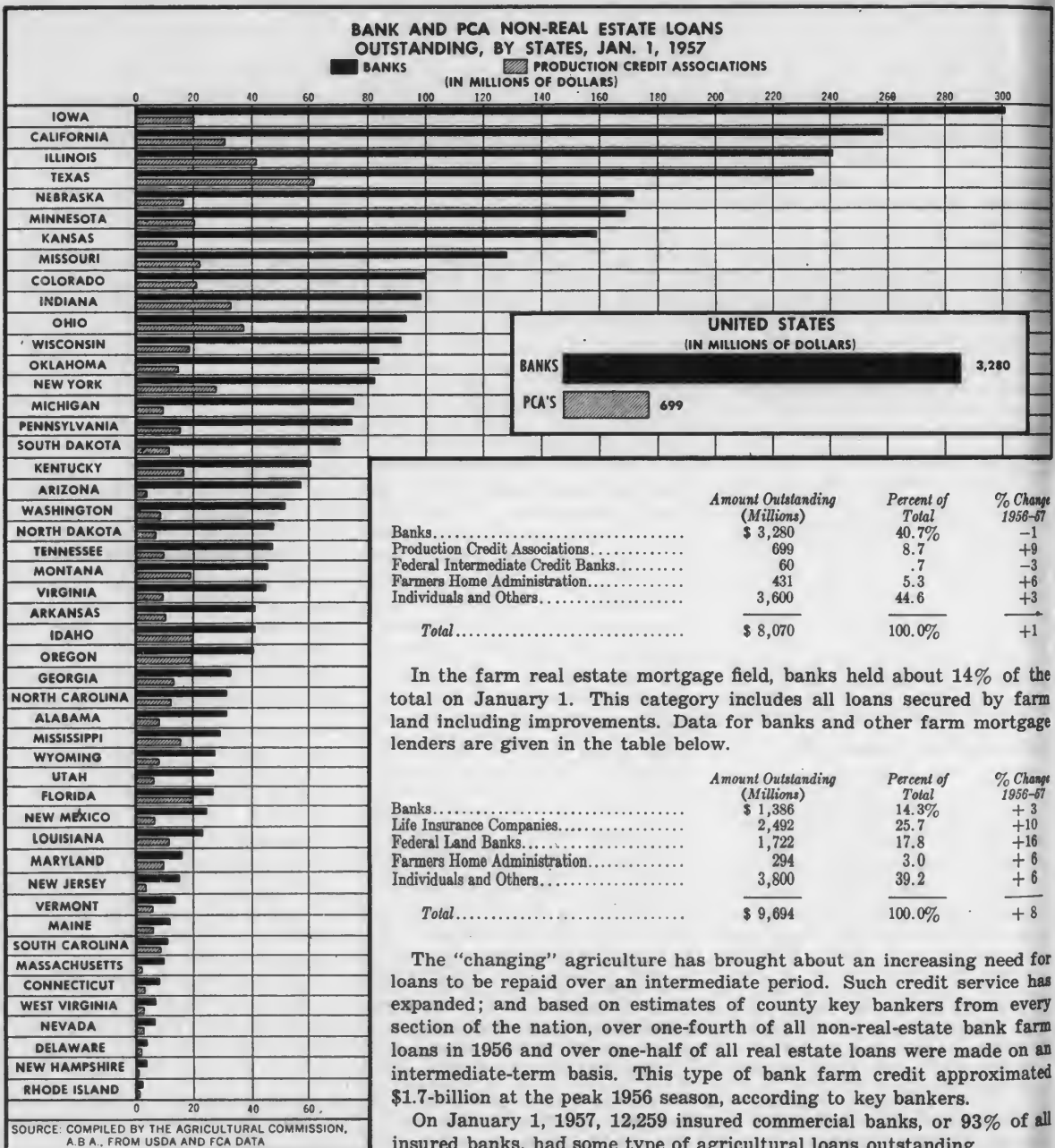
BANKS throughout the United States continue to be the chief institutional source of credit to farmers. At the beginning of the year, the estimated farm debt amounted to \$17.8-billion (excluding loans) and of this, banks held \$4.6-billion in four loans. This consisted of \$3.2-billion in non-real-

estate and real estate loans amounting to \$1.3-billion. In addition, banks held, on January 1, 1957, CCC paper valued at \$883,000,000.

Non-real-estate loans are all agricultural loans not secured by farm real estate. These loans are for a variety of purposes including production expenses, capital or semi-

capital investments, living costs, and refinancing.

Banks account for about 40% of all farm non-real-estate credit as shown in the table below as of January 1, 1957. The chart draws a comparison, by states, of bank loans with those held by the production credit associations on January 1.



	Amount Outstanding (Millions)	Percent of Total	% Change 1956-57
Banks	\$ 3,280	40.7%	-1
Production Credit Associations	699	8.7	+9
Federal Intermediate Credit Banks	60	.7	-3
Farmers Home Administration	431	5.3	+6
Individuals and Others	3,600	44.6	+3
Total	\$ 8,070	100.0%	+1

In the farm real estate mortgage field, banks held about 14% of the total on January 1. This category includes all loans secured by farm land including improvements. Data for banks and other farm mortgage lenders are given in the table below.

	Amount Outstanding (Millions)	Percent of Total	% Change 1956-57
Banks	\$ 1,386	14.3%	+3
Life Insurance Companies	2,492	25.7	+10
Federal Land Banks	1,722	17.8	+16
Farmers Home Administration	294	3.0	+6
Individuals and Others	3,800	39.2	+6
Total	\$ 9,694	100.0%	+8

The "changing" agriculture has brought about an increasing need for loans to be repaid over an intermediate period. Such credit service has expanded; and based on estimates of county key bankers from every section of the nation, over one-fourth of all non-real-estate bank farm loans in 1956 and over one-half of all real estate loans were made on an intermediate-term basis. This type of bank farm credit approximated \$1.7-billion at the peak 1956 season, according to key bankers.

On January 1, 1957, 12,259 insured commercial banks, or 93% of all insured banks, had some type of agricultural loans outstanding.



Borrower and lender meet. The result: mutual benefit.

WHEN ED DAVIS RECOMMENDS A PURINA FEEDER...THE NOTE IS GOOD

C. C. Martin, cashier of the First National Bank of Yale, Oklahoma, and Edgar Davis, owner of the Davis Feed Company in Yale, work as a team. They both benefit.

Purinaman Davis services an area that radiates 20 miles from Yale. He brings business to the town that would ordinarily be distributed among several other towns in the locality. Banker Martin finances these husbandmen-customers with long- and short-term notes when needed.

Together they have built a broiler

association that covers three counties . . . together they have helped further the agricultural endeavor in their area of the Sooner State . . . together they have helped center the rural activities of their community in the town of Yale.

Mr. Davis gained his Purina dealership in 1932. His integrity is known. His judgment has been proved. His recommendations are highly regarded. And, when Ed Davis sends a feeder to see C. C. Martin at the First National, Mr. Martin knows he's getting a farmer customer with a good credit rating.



PURINA . . . YOUR PARTNER IN SERVING ANIMAL AGRICULTURE



NEWS

for Country Bankers



This department is edited by MARY B. LEACH of BANKING's staff.

Loan Demand Resulting from 5-Year Drought

FAVORABLE moisture conditions, as a result of rains during the spring, may have broken the severe drought lasting several years, which has been centered in the Southwest. Improving conditions are posing a problem as to how ranchers and farmers will finance the purchase of livestock and new equipment needed as they resume production. A survey just completed by the Agricultural Commission of the American Bankers Association on post-drought credit problems, covering the 190 worst damaged counties in five states, shows that rancher-owned equities in livestock are considerably "thinner" than for real estate and that financing a "comeback" will be accomplished to a large extent through real estate mortgages made by local banks.

Nine out of ten county key bankers participating in the survey think bankers and other lenders already established in the cattle country can satisfactorily meet credit needs associated with rebuilding livestock herds. In parts of Texas, Oklahoma, New Mexico, Colorado, and Kansas, livestock herds have been reduced by as much as 50% during the 1952-56 period. *The survey results are being prepared in a pamphlet which will be available from the A.B.A. Agricultural Commission the first week in July.*

190 Key Bankers Contribute

The material covers reports from ranchers and bankers gathered by the 190 county key bankers in the drought-stricken counties and data from other sources such as the U. S. Weather Bureau and the Department of Agriculture.

The survey report points out that

over three-fourths of the United States had some degree of drought for the 1952-56 period. In the 190 counties in five states, livestock numbers were generally reduced one-third to one-half by the drought; and, in some local communities, it was the most devastating on record. Recent rains and improved moisture conditions have made farmers and ranchers hopeful that they can restock their land to normal capacity. However, during the long-continued drought, many farmers and ranchers sold cattle, sheep, and other assets, and have increased borrowings to remain in business; and they now face the prospect of seeking credit under relatively unfavorable circumstances.

Bank Loan Increases

In the most severe drought areas, non-real-estate bank loans increased 36% during the period 1950-56, while real estate mortgages advanced 47% in the 190 counties. As of January 1, 1956, 80% of the ranchers or farmers with mortgages had more than a 50% equity in their land. Operators in this group are in a position to obtain more credit for restocking and related needs if the prospects continue to improve. In the area, some banks may reach their capacity for making and holding real estate secured loans. These banks may render a financial service to their customers by helping them secure loans from correspondent banks, insurance companies, or other sources.

The survey shows that a sound credit program supporting restocking operations will require loans intermediate in term. Some county key bankers participating in the survey are planning for the financing of livestock herd rebuilding on a 2- or 3-year basis. Others see a need for loans covering three to five years. In addition to permitting the resodding on ranges where grass has been severely damaged, the time required

for restocking will depend on breeding operations.

One of the problems faced by ranchers with limited resources is the higher cost of breeding stock resulting from the increased demands following improved moisture conditions. It is estimated that it will take two years or more to increase the supply of quality, beef-breeding animals. Another aspect of the current situation will be how to restrain a tendency to restock too rapidly and too heavily.

There has not been any large number of foreclosures or forced sales. Even in the most badly damaged sections, foreclosures on farms and ranches are comparable to the United States average.

Happily, the banks in the 190-county area are in a relatively good position to meet the credit needs of agriculture. Bank resources from June 30, 1950 to June 30, 1956 grew by one-fourth. This reflects the growth in nonagricultural production of goods and services and a better balanced economy.

Sea Island Bank Wins Award

THE Sea Island Bank of Statesboro, Ga., won the Robert Strickland Agricultural Memorial Award for service to agriculture in 1956.

The Strickland Award is sponsored each year by the Trust Company of Georgia, in memory of the late Robert Strickland, president of the Trust Company and a former president of the Georgia Bankers Association.

The bronze plaque, symbolic of the award, was presented to C. B. McAllister, president of the Sea Island Bank, at a meeting on June 5 at Ida Cason Callaway Gardens near Chipley, Ga. At that time, Mr. McAllister also received a check for \$2,000 to be used for a farm boy or girl to study agriculture or home economics in the University System of Georgia.

(CONTINUED ON PAGE 102)



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(CONTINUED FROM PAGE 100)

The Sea Island Bank has based its entire program of community service on the realization that it serves an agricultural area, according to Raymond W. Williams, farm agent of the bank.

The bank has an exceptional record of sponsoring crop and forestry clinics, exhibits and tours, and in providing prize money for club projects. During 1956, officers of the bank talked to 1,214 of the farmer-customers, assisting them with their records, explaining Social Security regulations, and analyzing their financial statements.

In cooperation with county agents, home agents, and teachers, a banking clinic was held in each school in the county. Agricultural financing was explained to more than 1,500 boys and girls. Two essay contests were sponsored by the bank and on seven occasions school children were taken on tours of the bank.

During 1956, the bank made 1,471 individual loans to farmers and 4-H Club and FFA Club members. These loans amounted to more than \$1,000,000.

Mr. Williams stated that, as a matter of policy, the bank encourages all borrowers to follow recommendations from the Experiment Stations and the College of Agriculture.

The bank has made it a policy to provide adequate financing for worthy farm boys and girls working on a club project. They have never turned down an application of this kind and have records of scores of young farmers who went on to successful farm operations after completing their education.

New Farm Market Film

AGRICULTURAL purchasing of farm production goods and services from industry, in terms of constant dollars, has risen 30% since 1947 and is now rated at more than \$13-billion a year. This fact is disclosed in "The Bright Promise of the American Farm Market," a new 12-minute color cartoon motion picture distributed by Fortune Films and produced by Transfilm.

Essentially for marketing personnel, the film is designed to show the overall climate in which companies who sell to the farm market will be operating. It presents a close analysis of facts and figures to negate the popular belief that agriculture is

going downhill. On the contrary, not only have farm expenditures increased, but farm assets are up 46% in the last 10 years, states the film.

"The Bright Promise of the American Farm Market" is for sale through Fortune Films, 9 Rockefeller Plaza, New York 20, N. Y.

Help the Woodland Farmer

SPeAKING on timber loans to Mississippi bankers, Sam Morgan, president of the Opelika (Ala.) National Bank, pointed out "trees like other vegetation grow in proportion to the qualities of the land on which they are rooted. We do not get our best tree growth on the poorest land. We should say, however, that trees will grow on land so highly eroded that it is all but completely bare of vegetation."

Mr. Morgan's speech, as reported in the *Bankers Farm Bulletin* of the Federal Reserve Bank of Atlanta, emphasizes that bankers "can be of help to land owners by encouraging them to manage their woodlands better."

He gave this example of tree growth in one community—his own:

"On a certain farm, 80 acres of pine trees were planted in 1935 by the Civilian Conservation Corps. Seventeen years later, in 1952, a cruise was made showing 27.65 cords per acre. At \$5 per cord this was worth \$138.25. A cutting was made at that time of the 7.65 cords per acre, which at \$5 was worth \$38.25, leaving 20 cords or a value of \$100 per acre. In 1956, there were 19.7 cords of pulpwood per acre and 1,580 board feet of lumber with a

Agricultural research is going forward on new chemicals to control weeds, insects, and crop diseases, according to *Fortune's* marketing film. Laboratories are also developing new rust-resistant wheats, balanced plant foods, new hog and cattle breeds and new farm machines along with attachments for the old ones. This is a typical frame from the film



total value of \$138. At that time there were 4.77 cords per acre cut, worth \$23.85, leaving timber standing worth \$114.15 per acre. It is estimated that by 1961, there will be 7,761 board feet per acre and 11.36 cords of wood with a total value of \$250.82. This makes a total valuation over a 26-year period of \$312.92, an average annual yield of \$12.04 per acre. Gentlemen, in my opinion any one of us could have made a loan on this timber after it reached a 3-inch diameter."

Mr. Morgan concluded his remarks with this prediction:

"... if pressure of demand for forest products increases, and if land owners become aware of the value of their trees—that they do grow—and that this growth may be predicted, then the possibility of using credit to develop and improve production will become more common. When the knowledge and demand develop, then we as bankers will be asked for help. Supplying credit on timber can become profitable for us and the community as a whole."

30 BofA Men Take Course

FOR the second year, 30 Bank of America officers from agricultural areas in California attended a special farm study program during June at the University of California's College of Agriculture at Davis.

The 2-week resident course, sponsored by the bank in cooperation with the University of California Extension, is the only one of its kind held on the Pacific Coast.

The bankers came from 25 counties and were chosen from among those executives specializing in servicing the banking requirements of the state's agricultural areas.

Plant Food Institute Cited

THE National Plant Food Institute has received the American Public Relations Association's Silver Anvil Trophy in the field of agriculture, the highest honor in the field of public relations. Awards were presented "for the most outstanding public relations achievement programs of firms and organizations" in 18 classifications.

The entry of the NPFI in the awards competition featured an ex-

(CONTINUED ON PAGE 146)



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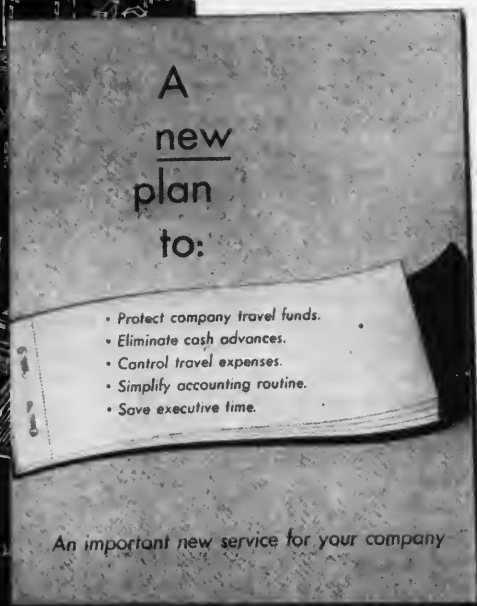
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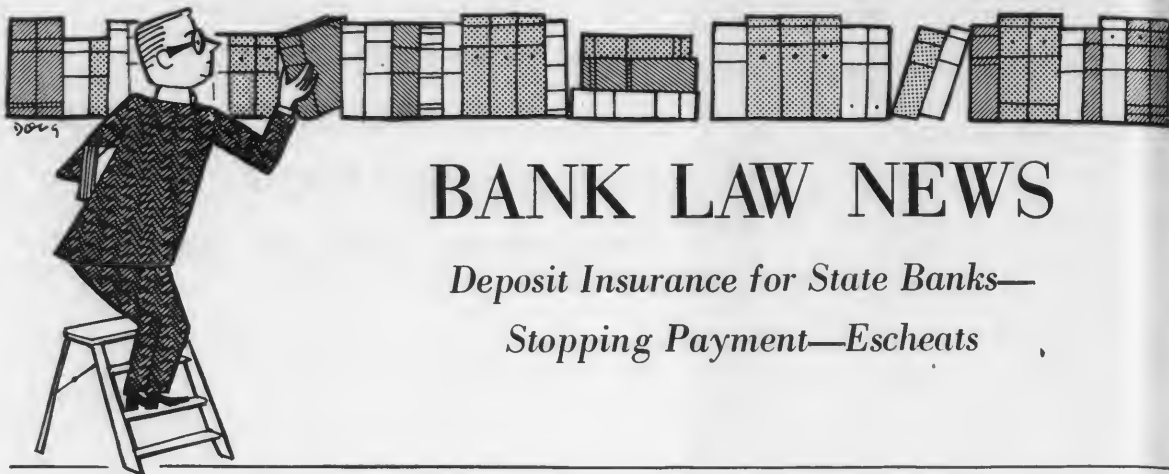
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BANK LAW NEWS

Deposit Insurance for State Banks— Stopping Payment—Escheats

STATE BANK DEPOSIT INSURANCE

A state bank is not compelled to have its deposits insured.

THE Supreme Court of Michigan recently had occasion to pass on the propriety of the action taken by the commissioner of the Michigan State Banking Department in imposing, upon applicants for permission to organize a state bank, a condition that they secure Federal Deposit Insurance or membership in the Federal Reserve System before he would pass on their application. The court decided that he had gone too far.

The commissioner had advised the applicants that he was satisfied as to their responsibility and fitness; that there was a necessity for a bank in the chosen locality; and that the proposed operation would probably be successful. He had insisted, however, that before he would pass upon the application, he would require assurance either that the proposed bank become a member of the Federal Reserve System or that it have its deposits insured by the Federal Deposit Insurance Corporation. This requirement was imposed, said the commissioner, to satisfy himself of the likelihood of the proposed bank's successful operation.

The applicants, leaving no legal stone unturned, argued that there was "no law, no rule, no regulation, no commandment" which compelled

any bank either to have its deposits insured or to become a member of the Federal Reserve System.

The court agreed with the applicants and, adopting a modified version of their argument, ruled that there was "no law which compels any bank to have its deposits insured." The commissioner, said the court, had, by his action, exceeded his power and abused his discretion in refusing to pass upon the application until Federal Deposit Insurance or membership in the Federal Reserve System had been secured. *Verhelle v. Eveland* (Mich., 1957) 81 N.W. (2d) 397.

STOPPING PAYMENT

Provision in stop-payment order exempting bank from liability should it make payment "through inadvertence or accident" held void for lack of consideration.

THE Alabama Supreme Court has aligned itself with the courts which have held void, for lack of consideration, a provision in a stop-payment order absolving a bank of all liability for payment of a stopped check "through inadvertence or accident."

A few days after the issuance of a check, the drawer ordered his bank to stop payment. The stop-payment order contained a provision that the drawer agreed to hold the bank "free of all liability should payment be made contrary to this request, if such payment occurs through inadvertence or accident only." The bank having paid the check subse-

quent to its receipt of the notice to stop payment, the drawer sought, in this action, to recover the amount of the check from the drawee bank. The bank, in its defense, asserted that the provision in the stop-payment order relieved it of all liability.

The court, after noting that the case was "one of first impression in this court, and has been decided in only eight states," reviewed the adjudicated cases and concluded that "the better reasoning is found in those cases which hold the release void for the lack of consideration." In agreeing to stop payment on the check, the bank was merely doing something which it was already legally obliged to do. It was the duty of the bank not to make payment on the check after receiving a notice from the drawer. Hence, when the drawer signed the statement absolving the bank from liability, he received no benefit and the bank suffered no detriment as a result of the new arrangement. *The Commercial Bank v. Hall* (Ala., 1957) 94 So. (2d) 198. See Opinion 7:1 of the chapter "Stopping Payment," Volume III of Paton's Digest, page 3469, and the Supplement.

ESCHEATS

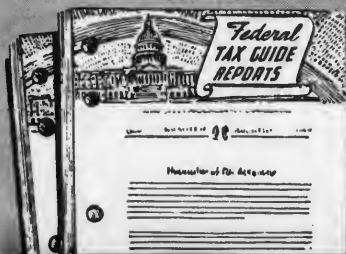
State may refuse to accept escheated property having no substantial value.

THE Superior Court of New Jersey has ruled, in a case posing a "novel point," that the state is not required to take over all unclaimed
(CONTINUED ON PAGE 106)



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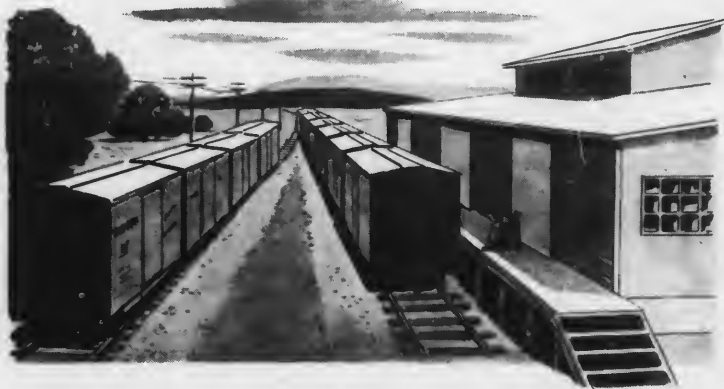
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IN SELECTING A NEW PLANT SITE,
QUESTION NUMBER ONE IS . . .

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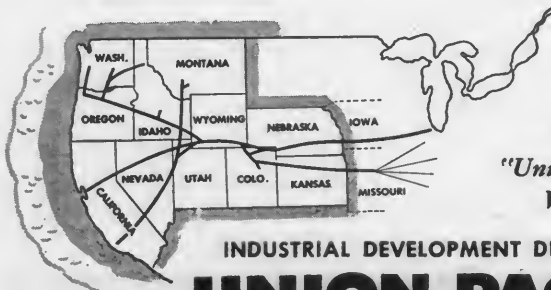


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(CONTINUED FROM PAGE 104)

personal property, but only property having "some substance or value to it."

The State of New Jersey filed proceedings against defendant bank under the Escheat Act [Stat. Anno. (1952) §§ 2A:37-11 through 2A:37-28] declaring that personal property remaining unclaimed for 14 successive years shall escheat to the state after compliance with certain necessary procedural steps. The state asked for a judgment of escheat only as to \$436.50 in unclaimed funds in the defendant's trust department. The bank stated that in addition to the unclaimed funds, it also held the unclaimed contents of 105 safe deposit boxes which, it alleged, had also escheated to the state.

It was shown that the boxes contained nothing of substantial value and it was agreed that the cost to the state of publication, as required by the statute would exceed the value of the contents. It was also stipulated that, upon a sale of the contents, the state would not realize enough to cover the cost of publication, even if the trust money was taken into account. In addition, the bank had a lien against the contents in the sum of \$3,589.14 for unpaid rental charges.

It was not without good reason, therefore, that the state claimed to be entitled to an escheat judgment only as to the trust money. The bank, however, with much logic, argued that the state should take it all, the "good with the bad."

The court decided that, in this case at least, the state could choose to take the "good" and leave the bank holding the "bad." The statute did not require the state to take over all unclaimed personal property. The fly in the statutory ointment is that the state has an implied right to be selective, and to take "personal property having some substance or value to it."

The court also noted that, from the stipulated facts, the bank's lien of \$3,589.14 was far in excess of the contents' value. Consequently, said the court, "there is really nothing to escheat in the first place."

However, the bank is not without a possible remedy. The court pointed out that § 17:14-7 of the New Jersey statutes provides for the enforce-

ment of safe deposit box liens by sale of the contents subject to the lien. *State of New Jersey v. The National Bank of Newark* (N. J. Super. Ct., 1957) 130 Atl. (2d) 901.

BRIEF NOTES ON OTHER CASES

Preference in bankruptcy. The repossession of an automobile by a bank, which held an unfiled chattel mortgage on the vehicle, at a time when the bank knew that the mortgagor could not meet his payments on the car, and was unable to pay other outstanding obligations, and was, in fact, receiving relief payments, was held a preferential transfer under the National Bankruptcy Act, and thus void. The facts, said the court, indicated that the bank had "reasonable cause" to believe that the mortgagor was insolvent. *Tennessee v. First National Bank of Kenosha* (U. S. Dist. Ct., Wis.) 146 Fed. Supp. 511.

Certificate of deposit. Where a bank issued to a depositor a certificate of deposit payable to the depositor's order, or payable on her death to her daughter, the surviving daughter was held entitled to the proceeds of the certificate on the theory that she was a third-party beneficiary of the contract between the bank and the depositor. *Peoples Bank v. Baxter* (Tenn. App., 1957) 298 S. W. (2d) 732.

Treasury Department Regulations

THE Treasury Department has issued a Second Amendment, dated March 13, 1957, to Treasury Department Circular No. 21 (Revised September 5, 1946) containing regulations governing the endorsement and payment of checks drawn on the Treasurer of the United States. In part, the amendment provides that, whereas certain classes of checks drawn on the Treasurer of the United States could formerly be negotiated only under a specific power of attorney executed after each check was issued and describing it in full, such checks may now also be negotiated under a "special power of attorney naming a bank as attorney in fact, limited to a period not exceeding 12 months and reciting that it is not given to carry into effect an assignment of the right to receive payment, either to the attorney in fact or to any other person."

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BANKING NEWS

Feasibility Study as First Step in Automation Program Is Recommended by Savings Division's Electronics Comm.

Complete "on-line" electronic accounting systems are now available to meet the needs of savings banking, and a variety of "off-line" equipment is being marketed by a number of manufacturers, according to reports received by the Committee on Electronics of the Savings and Mortgage Division of the A.B.A. during a recent 2-day meeting.

The big problem for the banks now is to determine whether or not the expenditures for electronic equipment will be justified by the needs of the individual bank, either immediately or at some point of future growth.

"Even though a bank has no urgent reason for installing electronic data-processing equipment, either on the basis of its own individual installation or in cooperation with other banks to be served from a processing center, it appears from the growth in demand for bank services that every bank should make a feasibility study to learn its own displaceable costs and other factors related to the subject," Everett J. Livesey, chairman of the Committee, asserted, following the meeting.

Mr. Livesey, who is vice-president and secretary of The Dime Savings Bank of Brooklyn, said: "A carefully made feasibility study may show that a bank will not need to go into automation for another 10 years, but such a study will pay dividends to bank management by providing facts about operations and procedures that can be secured in no other way."

Teleregister Manual

At the present time, a manual on methods for making such a feasibility study is available from the Teleregister Corporation, Stamford, Conn., which will supply copies of its booklet to banks on request. The A.B.A. Committee is planning to review this study and will make additional recommendations where warranted.

During their 2-day session, members of the A.B.A. Committee learned

that most of the problems of automatic processing in savings operations have been satisfactorily solved by the various manufacturers; and actual production purchase orders have been placed for complete "on-line" systems now being installed by some of the larger savings banks. Among problems which have been solved is, for example, the one of 2-way communications between window machines and data-processing and record-storing equipment. Not only will the teller have random access to record storage, permitting almost immediate completion of transactions for any account, but intermediate "buffers" provide for holding of information essential to answering a number of teller transactions which may be placed in the system during rush periods. With uncanny accuracy, the systems are capable of calling attention to "holds" or other restrictions on individual accounts, of computing interest, and of printing an up-to-date record of the account.

Signature Proof Solution Near

The problem of signature verification at the tellers' window appears to be close to solution through use of several devices demonstrated by the Recordak Division of the Eastman Kodak Company.

Another promising development was reported by J. R. DeHart of Buhl Sons, Detroit, Mich., who is preparing a service for groups of smaller banks planning cooperative use of electronic equipment from a central processing installation. Mr. DeHart is planning the formation of bank service corporations which will develop, install, and build data-processing centers for banks; train operating and maintenance people; and take care of other details such as rental of telephone lines or other necessary means of communication.

During their 2-day session, members of the A.B.A. Committee heard reports from representatives of various companies in the field.

(CONTINUED ON PAGE 109)

Let Federal Reserve Board Know You Approve Sound Money, Urges Joe Welman

Calls on Small Bank Managements to Be Alert to Nation's Changes

Joseph C. Welman, vice-president of the American Bankers Association, and president of the Bank of Kennett, Mo., recently urged bankers to tell the Federal Reserve Board of their approval of its actions and policies in support of "sound money."

Speaking in Manchester, Vermont, before the 47th Annual Convention of the Vermont Bankers Association, Mr. Welman said that members of the Federal Reserve Board are constantly hearing from critics of their actions and policies, and "they should hear from those who approve and agree. We should also explain, defend, and support their policies in our daily contacts with the public.

"I believe that the label 'sound money' is much more descriptive and applicable than the label 'tight money.'

"We are expected to know something of monetary policy and fiscal policy. Certainly we cannot and should not presume to be absolute authorities on such matters, and let me be the first to confess my own inadequacy. The public is hearing much about the present so-called 'tight money' policy, and people are interested in it and are forming impressions and conclusions about it. The public does expect from us some knowledge of what is being done, why it is being done, and the aims and objectives of those responsible for it. There is increasing danger that banks will be the scapegoats in this situation. Ever increasing numbers of people believe it is a 'gimmick' solely for the purpose of enriching banks. Many of us know quite well that the depreciation in our Government and municipal bond accounts and the difficulties and losses in disposing of mortgage loans quite often offset, and sometimes exceed, the additional income from that portion of our funds on which we are receiving higher rates."

Automation Program Study

(CONTINUED FROM PAGE 108)

Examples of complete on-line systems are the "Diana," developed by the Laboratory for Electronics, and the Teleregister Corporation's system for savings bank accounting. Both companies now offer their versions of completely automatic systems with on-line communication between tellers' window machines and the central computer. By programming work for other bank departments or by adapting components, individual banks can have an off-line system whereby transaction information from branch offices, for example, can be punched on paper tapes and later fed into the computer. Similarly, the Radio Corporation of America representatives reported on an on-line system now in use in a department store that is being studied for use in banks, insurance companies, and other enterprises.

Exhaustive testing of on-line systems have proven them to be versatile and, through programming, to be capable of performing many data-processing functions. In banking, for example, the machines have not only been found useful in savings operations but also in keeping mortgage records, instalment credit records, and those of other banking departments.

Some highlights of claims made for "Diana" are, for example, absolute audit control of teller operations, automatic and instantaneous posting of account ledgers, updating of passbooks with any prior unposted items, and automatic computation of interest by any known method.

Many of the off-line components now being manufactured may be incorporated into on-line systems when future business volume warrants and when central processing centers are available.

Another aspect of installing automatic systems lies in plans banks may be making for new buildings or modernization of existing quarters. It is recommended by the Committee that provision be made for ducts for electrical circuits and for availability of floor space with a minimum of 1,400 square feet for installation of a computer, record-keeping equipment, and electrical converters for power supply.

In Committee discussions, it was developed that the urgency for in-

Committees, Representing Jersey Banks, Are Named for A.B.A.'s Annual Convention

George Munsick, Chairman, C.A. Eaton, V.C. of Cooperating Comm.

Committees, representing New Jersey banks, for the 83rd Annual Convention of the American Bankers Association, which will be held at Atlantic City, September 22-25, were announced recently.

Membership of the committees includes the following:

Cooperating Committee

George Munsick, president, Morristown Trust Company, Morristown, chairman; Charles A. Eaton, Jr., vice-president, Fidelity Union Trust Company, Newark, vice-chairman; Cowles Andrus, president, County Bank and Trust Company, Passaic; Charles E. Clifton, president, The Trust Company of New Jersey; Robert G. Cowan, president, National Newark and Essex Banking Company, Newark; H. Douglas Davis, president, Plainfield Trust Company; Roy F. Duke, president, Fidelity Union Trust Company, Newark; Robert J. Kiesling, president, Camden Trust Company, Camden; William J. Kinnamon, executive vice-president, Hunterdon County National Bank, Flemington; Elwood F. Kirkman, president, Boardwalk National Bank, Atlantic City; Henry Knepper, president, First Camden National Bank and Trust Company; William L. Maude, president, Howard Savings Institution, Newark; William K. Mendenhall, executive vice-president, New Jersey Bankers Association, Princeton; F. Raymond Peterson, chairman, First National Bank and Trust Company, Paterson; John P. Poe, president, First National Bank, Princeton; Mary G. Roebling, president and chairman, Trenton Trust Company; Frank W. Sutton, Jr., president and trust officer, First National Bank, Toms River; and Frank A. Weber, president, Garden State National Bank, Teaneck.

Hotel Committee

Walter E. Beyer, vice-president and trust officer, Boardwalk National Bank, Atlantic City, chairman; Richard L.

stallation of electronic data processing depends entirely upon the operations of each individual bank. While the Committee did not make any formal recommendations or reach any general conclusions, it was felt that banks over \$200,000,000 in deposit size need to begin gathering accurate information immediately on the subject of automation.



Walter E. Beyer



Bruce P. Dimon



Frank F. Allen



Mrs. F. Raymond Peterson

Picture of George Munsick appears on page 24

Meyer, vice-president, Guarantee Bank and Trust Company, Atlantic City, vice-chairman; Mrs. Lucy Braddock, 16 Central Pier, Atlantic City, secretary; F. Palmer Armstrong, chairman, Monmouth County National Bank, Keyport; Sylvan G. Fletcher, vice-president and treasurer, Camden Trust Company; and Ernest R. Hansen, treasurer and trust officer, Perth Amboy Savings Institution.

Meeting Places Committee

Bruce P. Dimon, president, National Bank of Ocean City, Ocean City, chairman, Asbury Park National Bank and trust officer, Penn's Grove National Bank and Trust Company, Penns Grove; John W. Kress, executive vice-president, Howard Savings Institution, Newark; Charles B. Miller, chairman of the board, Peoples Bank and Trust Company, Hammonton; and James B. Van Mater, president and trust officer, Atlantic Highlands National Bank.

Reception Committee

Frank F. Allen, executive vice-president, Asbury Park National Bank and Trust Company, chairman; Archie C. Barbata, president, Bank of Nutley; David J. Connolly, president, Federal Trust Company, Newark; Harold J. Curry, cashier, Phillipsburg National Bank and Trust Company; Peter De Leeuw, Jr., president, National Community Bank, Garfield; Frank Durand, president, First National Bank, Spring Lake; S. Guernsey Jones, vice-president, National Newark and Essex Banking Company; Percy B. Menagh, executive secretary, Savings Bank Association of New Jersey, Newark; and Harry C. Zimmer, executive vice-president, Commercial Trust Company of New Jersey, Jersey City.

The Ladies' Committee, in charge of the activities for wives and families of delegates at the convention, will be headed by Mrs. F. Raymond Peterson.

Commercial Banks Are Benefited by A.B.A.'s "Saver's Best Friend" Ads

The nationwide advertising program, "The Bank Is the Saver's Best Friend," sponsored by the American Bankers Association to promote savings in banks, is returning substantial benefits to commercial banks, according to a progress report by the A.B.A.'s Advertising Department. One thousand five hundred seventy-nine banks located in 48 states and the District of Columbia are now sponsoring the program in their local communities, and new banks are joining the movement daily.

"While the higher rate on savings deposits, the convenience of complete financial services, and other factors are helping to attract new savers to banks, the effect of advertising 'The Bank Is the Saver's Best Friend,' is showing up," Daniel W. Hogan, Jr., president of the A.B.A. Savings and Mortgage Division, asserts. During January and February of this year, commercial banks gained \$1.5-billion in savings deposits, outstripping all classes of competing institutions.

Mr. Hogan, who is president of the City National Bank & Trust Company, Oklahoma City, stated that the stepped-up advertising of savings services and promotional activities at the local level are regarded as important factors in the uptrend in savings in commercial banks. In January 1957, commercial bank savings deposits gained \$900,000,000, compared with a decline of \$59,000,000 for the same month a year ago. In February, the savings gain was \$600,000,000, against only \$200,000,000 in February 1956.

Dates of A.I.B. Regionals

The National Office of the American Institute of Banking announces the holding of 12 regional conferences for chapter officers and leaders in various key cities of the United States during July and August. The schedule for these conferences is as follows:

District	City	Date
No. 3	Huntington, W. Va.	July 13
No. 7	Phoenix, Ariz.	July 13
No. 2	Garden City, N. Y.	July 20
No. 11	Louisville, Ky.	July 20
No. 6	Wichita Falls, Texas	July 27
No. 8	Napa, Calif.	July 27

**New Basic Bankers Blanket Bond Insurance Coverage Table
Published by A.B.A.; Own Loss to Govern Coverage**

After a careful study of insurable losses in banks since 1950, the Insurance and Protective Committee of the American Bankers Association has released a new basic table of bankers blanket bond coverage, showing amounts of insurance suggested for banks in certain deposit-sized groups. The new table marks a change in policy by the A.B.A. Committee in that the ranges of amounts suggested for banks of various sizes are to be considered basic guides rather than minimum amounts of blanket bond coverage banks should carry.

While the amounts of bonds for banks in each size group are moderately higher in the new table, the Committee stresses the fact that the coverage to be carried by each bank should be determined only after consideration of many factors. While some banks may decide that they can safely carry less insurance than the amount suggested for banks of similar size, other banks, depending upon experience, distribution of assets, and other factors, will need more insurance, corresponding to the risks.

The Committee believes that "each

bank should consider the new table as a basic guide and carefully analyze its own exposures to loss when determining the exact amount of coverage to be carried. Particular emphasis should be placed upon the adequacy of audit procedures. In banks where audits by independent accountants are not made periodically or where the scope of internal audit procedures is limited, higher amounts of blanket bonds should be considered.

"In applying the table of suggested amounts of coverage, banks should deduct from total deposits the balances in U. S. Treasury tax and loan accounts in view of controls exercised over these accounts by the Treasury Department," states the Committee.

"Also, banks which operate branches may use as a base the total amount of deposits at the head office or at the largest branch if deposits at that branch exceed those at the head office. Before adopting this approach to determine the amount of blanket bond coverage to be carried, careful analysis should be made of branch office operations, and particularly auditing procedures."

Banks With Deposits of		Suggested Range of Amounts	
Less than \$	750,000	\$ 25,000 to	\$ 50,000
\$ 750,000 to	1,500,000	50,000 to	75,000
1,500,000 to	2,000,000	75,000 to	90,000
2,000,000 to	3,000,000	90,000 to	120,000
3,000,000 to	5,000,000	120,000 to	150,000
5,000,000 to	7,500,000	150,000 to	175,000
7,500,000 to	10,000,000	175,000 to	200,000
10,000,000 to	15,000,000	200,000 to	250,000
15,000,000 to	20,000,000	250,000 to	300,000
20,000,000 to	25,000,000	300,000 to	350,000
25,000,000 to	35,000,000	350,000 to	450,000
35,000,000 to	50,000,000	450,000 to	550,000
50,000,000 to	75,000,000	550,000 to	700,000
75,000,000 to	100,000,000	700,000 to	850,000
100,000,000 to	150,000,000	850,000 to	1,200,000
150,000,000 to	250,000,000	1,200,000 to	1,700,000
250,000,000 to	500,000,000	1,700,000 to	2,500,000
500,000,000 to	1,000,000,000	2,500,000 to	4,000,000
1,000,000,000 to	2,000,000,000	4,000,000 to	6,000,000
Over \$2,000,000,000		6,000,000 and up	

No. 9	Spokane, Wash.	July 27	No. 4	Baltimore, Md.	Aug. 3
No. 10	St. Joseph, Mo.	July 27	No. 5	Memphis, Tenn.	Aug. 3
No. 1	Springfield, Mass.	Aug. 3	No. 12	Grand Rapids, Mich.	Aug. 3

Instalment Credit

• NEWS •

Survey Shows Moderate Instalment Credit Rise

THE majority of banks in the 12 Federal Reserve districts reported moderate increases in volume in all classifications of instalment credit, with the exception of appliance financing, during the first four months of 1957, according to the Instalment Credit Commission of the American Bankers Association. The Commission plans to make quarterly checks of instalment lending in banks hereafter, through its Advisory Board in each district.

The survey showed, however, that in some localized areas banks experienced volume losses; and, in others, reports of steady volume offset the communities in which volume has increased. "This indicates a sideward movement in the nationwide total," the report says.

The A.B.A. Instalment Credit Commission, of which Carl A. Bimson, president, Valley National Bank, Phoenix, Ariz., is chairman, has initiated this new spot check of instalment credit to keep member banks aware of conditions to aid them in formulating sound credit policies.

Automobile Financing

In automobile financing, for example, reports from a majority of the banks in each of the Federal Reserve districts indicate little or no change in the terms of automobile financing. However, there was more than just an occasional situation where the terms were being relaxed. In one local area, credit terms were said to have been relaxed to be almost comparable to 1955. However, in the Seventh, Eighth, Ninth, and Tenth Federal Reserve districts, some banks reported a downward trend in automobile financing terms. In all but one district, retail sales, both new and used, were off during the first third of the year. However, there were many localized areas where sales were reported as increasing. A study of the nationwide situation and experience may indicate that the pattern of automobile sales is changing and that, in the future, sales may be more evenly

distributed throughout the year. If this proves to be true, it will alleviate some of the industry's scheduling and distribution problems.

Used-Car Stocks

The banks reported a definite trend toward an increase in used-car stocks; and this, together with the advances in stocks of new cars, was the most general and prominent feature in all of the reports received. In general, used-car prices were headed lower. In a few areas, the prices of used cars were steady; and, in a few others, increases were reported. In every Federal Reserve District but two, stocks of new cars increased rapidly during the period; and the report urged banks to be prudent in financing flooring or inventory. There appears to be little change in the prices of late-model used cars.

Banks Get Their Share

In all but one Federal Reserve District, the opinion was expressed that banks are acquiring a large share of instalment paper.

Appliance Financing

In financing appliances, banks reported little or no change taking place in terms. There was an almost unanimous report of a downward trend of appliance retail sales.

Home Improvement Loans

Home improvement loans by banks showed a tendency toward longer maturities, no doubt influenced by liberalization of Title I loans to a maximum of five years. However, there was evidence that banks are resisting strongly the application of these longer terms. The home improvement loan field appears to be the most optimistic, countrywide, for continued progress, with a notable percentage of banks reporting increased activity.

Farm Equipment; Trailers

Farm equipment financing and loans for mobile homes remained practically unchanged during the 4-month period, with a surprising development being the increased volume of boats financing.

Delinquencies

The country over, delinquencies were shown currently at a low level, which indicates good control and no change in collection problems. However, in several localized areas, banks reported an increase in delinquencies which could indicate a trend. On the basis of the survey, a greater control over delinquencies was suggested to avoid a serious problem from progressing.

Repossessions

Most banks reported little change in the rate of repossessions of financed goods. However, in 10 districts, some banks said there was an increase, while others reported repossessions lower. The situation bears watching, members of the Advisory Board caution. Losses in repossessions averaged around \$235, ranging from a high of \$600 to a low of \$79. This does not represent a change in the experience of most banks.

Frauds

The experience of banks with dealer frauds is apparently unchanged. However, the build up of inventories may present some liquidating problems; and the report cautions a need for a strict control over all floor-plan operations.

Rates

Banks in almost every Federal Reserve District reported an increase in the wholesale rate on instalment loans. More banks reported an increase in both wholesale and retail rates than those which did not.

Regulations

As a sideline to the survey on credit conditions, the banks in 20 states reported that they now have auto finance regulations on their books, with proposals in five other states for enacting such legislation. In several states, bills have been introduced in legislatures regulating instalment sales and instalment financing of motor vehicles. In Illinois, in addition to automobile loan legislation, a new usury statute has been instituted.

NEWS

Revolving Credit Plan

NATIONAL Boulevard Bank of Chicago offers an instalment loan

service aimed at the executive and department heads in the \$6,000 to \$25,000 income bracket. Titled "Revolving Credit Plan," it allows the borrower to establish credit up to a certain amount, and ahead of his actual needs. At any time thereafter when funds are needed, the borrower simply informs the bank, which deposits the sum needed—anywhere between \$200 and \$2,400—

in a checking account in the borrower's name. Monthly payments are charged automatically to the borrower's account according to a predetermined schedule. Additional loans may be made up to the maximum credit established. Interest is charged at the rate of 6% on only the unpaid portion of the loan. The borrower is covered by life insurance for the unpaid balance.

Savings

Savings in Commercial Banks Show Increase

THE American public is depositing its savings dollars with commercial banks rather than saving in other types of institutions, according to Louis B. Lundborg, chairman of the Committee on Savings and Mortgage Development of the A.B.A. Savings and Mortgage Division.

Quoting from reports of the Federal Reserve System and the Federal Home Loan Bank Board to show the emergent trend for the first quarter of the year, Mr. Lundborg said that commercial banks garnered \$1,523,000,000 in savings dollars, compared with \$1,005,000,000 for their nearest competitors, the savings and loan associations.

Mr. Lundborg is vice-president of the Bank of America N.T. & S.A., San Francisco.

According to John Adikes, vice-president of the Savings and Mortgage Division, savings deposits in all banks advanced by \$1,923,000,000 in the first quarter of 1957, compared with the increase in savings and loan share accounts of \$1,005,000,000. Mutual savings banks accounted for \$400,000,000 of the bank gain.

Mr. Adikes is president, Jamaica (N. Y.) Savings Bank.

Savings Analysis Manual

COMPLETION of a new manual to aid individual banks in making an analysis of savings accounts has been announced by the A.B.A. Savings and Mortgage Division.

The Division's Committee on Savings Management and Operations, of which Everett J. Livesey is chair-

5-Year Comparison of Savings Growth in Banks*

(In millions of dollars)

	Yr. End Total		1st Qtr. Total
12/56	\$80,577	3/57	\$83,000**
12/55	76,438	3/56	77,400
12/54	73,146	3/55	74,100
12/53	68,017	3/54	69,400
12/52	63,252	3/53	64,300
5-Yr. % Incr.	21.5		22.5

* Commercial and mutual savings

** Estimated

SOURCE: Federal Reserve Bulletins

man, has also distributed a questionnaire to banks to obtain information for a new savings study. In addition, members are working on a new cost study of savings and mortgage operations.

The new manual on savings account analysis will reflect recent developments in the field to provide banks with up-to-date information on which to base management decisions. It will be available in a few weeks.

The questionnaire for the savings study seeks information on methods and procedures for computing interest on savings accounts, actual and effective interest rates paid by banks, and trends in savings deposit volume.

The savings and mortgage operations cost study is a part of a long range program sponsored by the Committee among banks to provide bank management with essential information for the formulation of policy to meet the needs of individual banks.

Mr. Livesey is vice-president and secretary of The Dime Savings Bank of Brooklyn.

New College Club Plan

ALTHOUGH the Nashua (N. H.) Trust Co. has had a school savings program for several years, it realized that there was a gap between elementary grade and college not being serviced. So the bank initiated its College Club Plan to bridge the school thrift gap.

Early this past spring, to create interest in the College Club Plan, the bank conceived the idea of a contest which ran for six weeks. It was open to all school children up to and including eighth grade and was made up of 12 questions. The first 11 questions were about New England colleges, and the twelfth required completion in essay form of "I want to go to college because . . ." in 100 words or less. The first prize was a portable television set.

A week before the contest began, it was announced in the local newspaper opposite the comic page. Rules were printed, and prizes were listed. Flyers were placed in each school savings passbook, and posters were placed in all of the elementary schools throughout the area.

Assistant Vice-president Robert J. Cross acknowledged each entry submitted during the first week and encouraged the children to complete the contest. Literature on the College Club Plan was enclosed with each acknowledgment.

Over 250 children and their parents attended an open house at the conclusion of the contest. The College Club Plan was featured by a gaily decorated booth and, follow-

NEWS

ing the award of prizes, children and parents were informed about the savings plan. As an added incentive to open an account, the bank offered a \$1 bonus, which was added to the first account deposit. A tour of the bank concluded the ceremonies.

This is a copyrighted plan.

Novel Gift Service

IN order to compete for the gift dollar for babies and to further the development of children's accounts, the Merchants National Bank & Trust Company of Syracuse has recently introduced a new and novel gift service—"Stock in Baby's Future."

It includes a certificate which may be purchased at any Merchants Bank office. The name of the donor appears prominently on the certificate and can be for any number of shares (shares are sold at \$1 each). The certificate is given or mailed to the parents who use it to open or add to a savings account for their child.

In addition to the stock certificates, the Merchants also has both pink and blue passbooks which contain, in addition to the space to record deposits, a listing of stockholders.

In addition to the "Stock in Baby's Future," there is also a companion plan—"Stock in the Future." These certificates are appropriate for gifts to children or adults, for showers, graduation, weddings, birthdays, or for any occasion. These certificates abolish the duplicate gift problem and serve as a reminder of thrift.

— Stock —
IN BABY'S FUTURE

GROW
WITH ME

SAVINGS ACCOUNT

THE MERCHANTS NATIONAL BANK
& TRUST COMPANY OF SYRACUSE

July 1957

Thrift Depositor Statements

SEMIANNUALLY, beginning with June 1, the Trust Company of Georgia will send statements of account, similar to those mailed to checking account customers, to approximately 7,800 savers in the Atlanta area.

In addition to a complete record of savings deposits and withdrawals, the new statements will show the interest credited to each account. The Trust Company has eliminated savings passbooks.

The new procedure makes it unnecessary for the saver to go to the bank to have his interest credited.

Automatic Savings Plan

A SYSTEM of automatic monthly transfer of funds from checking to savings accounts was inaugurated by The First National Bank of Fort Worth in November 1951. The bank now makes 932 transfers each month for a total of \$27,893, or an average transfer of \$30.

Two recent surveys of 100 accounts in existence for two or more years showed the savings balances increased 125%, while the checking balances remained about the same.

Once yearly the bank uses a statement stuffer to promote the automatic savings plan.

Subway Walk-In Office

FOR the convenience of some 100,000 persons who daily use the 42nd Street and 8th Avenue station of the Eighth Avenue subway, the Franklin Savings Bank of New York recently opened underground windows.

A unique feature of this new facility is that it is connected to Franklin's main office by a short passageway. There are three banking windows and a small lobby for depositors' use in the 475 square feet rented from the New York City Transit Authority.

Savers Give Trading Stamps

IN an effort aimed directly at encouraging savings in greater Hartford, the Society for Savings in Hartford, Conn., now accepts trading stamps towards saving accounts. At the Society for Savings or any of its five branch offices, anyone who deposits a book of the proper stamps and \$3, either in person or by mail,

will receive a \$6 "starter" account.

Charles J. Lyon, president-treasurer of the Society for Savings and president of the National Association of Mutual Savings Banks, said the experiment is aimed directly at the 30,000 people in the Hartford area who save the familiar Triple S blue stamps.

"Although the stamps will be accepted only towards opening new accounts, no limit has been set on the number of accounts that a family may open," Mr. Lyon said. "We feel this is an excellent way to acquaint the general public with the advantages of separate accounts for children, and for special purposes such as homes, college, car, etc."

Calypso Sells Savings

BANK-sponsored calypso rhythm singing commercials are being heard over two Westchester County, New York, radio stations for the first time. The 20-second tune promoting savings accounts is sponsored by The County Trust Company of White Plains.

Nationally prominent calypso artists and vocalists are featured.

U. S. Women Own \$60-billion in Life Insurance

AMERICAN women now own more life insurance than ever before in history—over \$60-billion of protection, according to *The Family Economist*.

In announcing the new figure of \$60-billion, the Institute of Life Insurance cited several factors which explain why women have been making such impressive use of insurance in recent years. These factors include jobs outside the home, contributing to family income, maintaining or lifting the family's standard of living. Many working wives carry additional life insurance, just as their husbands do, to protect the family from loss of income.

ALL of New York City's major commercial branch systems doing a savings business have increased their savings rate to 3%.

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New Housing Starts

NONFARM housing starts in April were the smallest for that month since 1949 and were down 17% over a year earlier. The total was 92,000, compared with 111,400 in April 1956.

Housing starts in the first five months of 1957 totaled 405,000, compared with 477,200 for the first five months of 1956. Total starts in May numbered 102,000, which compares with 113,700 in May 1956.

Rebuilding Storm Area

RUSKIN HEIGHTS, a Kansas City, Mo., suburban area which was largely demolished a few weeks ago by a tornado will be rebuilt, and quickly, due to the cooperation of mortgage lenders, insurers, builders, and mortgage service contractors.

The construction of this suburban community was largely financed in 1952, 1953, and 1954 by three New York City savings banks—the Bowery, the Seamen's, and the Dollar.

The Bowery Savings Bank has agreed, as part of the reconstruction program, to continue its mortgages at the 4% and 4¼% rates at which the mortgages were originally written. It has also deferred principal payments for one year to help hard-hit homeowners to recoup their losses. This plan is expected to save individual homeowners about \$1,200, each, over the life of the mortgage in interest charges and financing costs.

The original investment of the Bowery in 448 30-year full value VA guaranteed loans was \$6,000,000. Sixty-nine of the homes, valued at \$820,000, were demolished and 49 homes were partially destroyed. Damage to the latter group was \$165,000.

Book on Housing for Elderly

A NEW booklet, *Housing for the Elderly—How FHA Helps* (FHA 2660), explains the procedure to be followed by individuals over 60 years of age who wish to apply for a mortgage loan under Section 203 of the National Housing Act. It also ex-

5-Year Comparison of Mortgage Loans Held by Banks*

(In millions of dollars)

	Yr. End Total		1st Qtr. Total
12/56	\$42,464	3/57	\$42,775**
12/55	38,461	3/56	39,545
12/54	33,580	3/55	34,685
12/53	29,740	3/54	30,262
12/52	27,194	3/53	27,710
5-Yr. % Incr.	35.9		35

* Commercial and mutual savings

** Estimated

SOURCE: Federal Reserve Bulletins

plains the steps to be taken under Section 207 to obtain financing for multifamily rental accommodations.

Copies are available at 15 cents each upon request to the Superintendent of Documents, U. S. Printing Office, Washington 25, D. C.

Wives Help Buy Homes

THE Institute of Life Insurance reports that a significant factor entering into the purchase of homes by young families is the wife's having a paid job outside the home.

"There are growing indications that in younger families," reports *The Family Economist*, "wives with jobs often make it possible for their families to acquire a home of their own. This is shown by the rising rate of home purchases and mortgage debt among families where the young wife is working."

Growing Fight on Blight

A SPECIAL Congressional showing of "Our Living Future," which has been touring the country for ACTION (American Council to Improve our Neighborhoods), to dramatize the growing fight against blight, was held in Washington, D. C., on June 3.

Climaxing an 8-month tour, the presentation was in the form of a progress report to the law-makers and high Administration officials on growing urban problems and the

reactions of community leaders who sponsored the show locally in some 100 cities. It was sent on tour as a rallying point for proponents of better urban living and environment by ACTION.

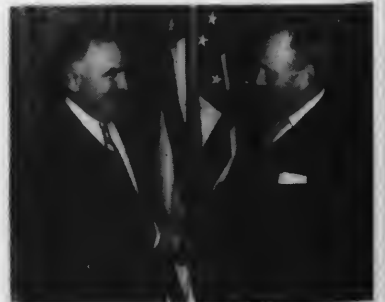
"Our Living Future" combines black-and-white still and motion pictures and 3-dimensional animation with an in-person narration in depicting the mounting interest of citizens in solving growing urban problems of burgeoning urban activities through organized cooperation with public officials.

Median Age of Home Buyers Is Lower

THE median age of persons buying homes with credit financing insured by the Federal Housing Administration appears to have declined substantially in the past decade and a half, judging by trends indicated in FHA figures for the years 1939 and 1955.

Although the agency has no age figures for home loan borrowers later than those from its special 1955 study, FHA officials do not believe the ages of borrowers since that time have been affected materially by the current tight money situation. Median age for those ob-

Federal Housing Administration Commissioner Norman P. Mason, right, congratulates Roy F. Cooke, Athol, Mass., banker and realtor, at ceremonies at FHA headquarters when Mr. Cooke was sworn in as Assistant Commissioner of the FHA to administer property improvement loan insurance operations. He has served as a director of the First National Bank of Athol and of the Orange Savings Bank



taining FHA-insured loans in 1955 for purchase of new homes was 34.6; for existing homes, 36.1. Median ages from a similar study by FHA in 1939 were 36.2 and 40.0, respectively.

On the other hand, the median age for World War II veterans who have obtained home loans guaranteed by the Veterans Administration under the 1944 GI bill has advanced slowly since the war, VA records show, and a similar advance is expected for Korean veterans obtaining loans under the Korean GI bill.

In the first of these two comparatively static veterans' groups, the median age of World War II veterans who obtained GI loans to buy new and existing homes has advanced from 29.3 in 1944-45 to 33.6 in the calendar year 1955.

Calculation of the median age for all persons using FHA-insured loans must depend on weighted figures, since FHA compiled separate figures for those borrowing for new homes and those for existing homes. This weighting shows a median age of 35.4 for buyers of both types of homes in 1955 under FHA insurance, an age still almost two years higher than that of the typical World War II GI borrower in 1955. The 1939 FHA figure, when the same weighting is used, shows a typical age of 37.5 for buyers of both types of homes under FHA insurance.

Commissioner Norman P. Mason, head of the FHA, explained that

buyers are younger today than in prewar years because they do not have to wait so long to save a down payment and because loan maturities, now extending in many cases to 30 years, permit lower monthly payments on the loans.

Veterans Administration records, based on preliminary tabulations of a 10% sample of GI home loans, closed through December 25, 1955, show that of the 14,548,800 World War II veterans in civilian life at the end of 1955, some 3,782,000 (26%)

Animated "Bank-by-Mail" display prepared by Group V Savings Banks Association, Brooklyn, N. Y. The postman's right arm, as well as mail being posted, is activated. Member banks can personalize the exhibit by superimposing their own bank envelopes on rotary section going into the mail box



had used their GI home loan entitlement. Their median age at the same time was 35.6, compared to 35.7 for the 10,766,000 such veterans who had not obtained GI home loans.

Stockbridge Speaks in Zeist

SPEAKERS at the seventh annual International Summer School for Savings Bankers in Zeist, Holland, on July 8-13, 1957 will include Jason W. Stockbridge, public relations director of the National Association of Mutual Savings Banks. Mr. Stockbridge will discuss the "Development of Public Relations as a Management Function in America's Mutual Savings Banks."

Mortgage Seminar Report

THE 107-page "Proceedings of the Twelfth Annual Conference for Senior Executives in Mortgage Banking" (No. 30) at New York University on January 22-24 under the auspices of the Mortgage Bankers Association of America and the Graduate School of Business Administration of NYU have been published by the University. Conference theme was "The Shortage of Mortgage Funds: Causes and Solutions."

Trust Services

Mills Names Committees for Trust Conference

COMMITTEES for the 26th Mid-Continent Trust Conference of the Trust Division of the American Bankers Association, which will be held in New Orleans, November 21-22, have been announced by Thoburn Mills, Division president and vice-president and trust officer, The National City Bank of Cleveland.

This is the first time that the Mid-Continent Trust Conference has been held in New Orleans. It will bring together representatives of bank trust departments in the states

of Ark., Colo., Ill., Ind., Iowa, Kans., Ky., La., Mich., Minn., Mo., Nebr., N. Dak., Ohio, Okla., S. Dak., Tenn., Texas, and Wis. The Trust Division of the Louisiana Bankers Association will be host to the conference.

Francis C. Doyle, vice-president, The National Bank of Commerce in New Orleans, is chairman of the general committee for the conference. Other committee members are:

General Committee

Andre C. Lapeyre, vice-president, The Hibernia National Bank, New Orleans, *assistant general chairman*; Harold C. Frederick, trust officer,

Whitney National Bank, New Orleans; Hermann Moyse, vice-president and trust officer, City National Bank, Baton Rouge; John F. Rau, vice-president and trust officer, First National Bank of Jefferson Parish, Gretna; Gordon L. Richey, trust officer, Rapides Bank & Trust Company, Alexandria; Rene R. Smith, trust officer, National American Bank, New Orleans.

Program Committee

Lester E. Junge, assistant trust officer, Whitney National Bank, New Orleans, *chairman*; C. A. Broussard, vice-president and trust officer,

NEWS

Guaranty Bank & Trust Company, Alexandria; M. J. Dugan, vice-president and trust officer, Calcasieu-Marine National Bank, Lake Charles; L. D. Foreman, senior vice-president and trust officer, The First National Bank, Lafayette; A. R. Johnson III, vice-president and trust officer, American Bank & Trust Company, Baton Rouge.

Hotel & Facilities

John E. Morgan, trust officer, National Bank of Commerce, New Orleans, *chairman*; Errol E. Buckner, vice-president and trust officer, Commercial National Bank, Shreveport; D. W. Perelli, assistant trust officer, Whitney National Bank, New Orleans; Kenneth F. Schulte, trust officer, The Hibernia National Bank, New Orleans; E. H. Sutter, vice-president and trust officer, Fidelity National Bank, Baton Rouge.

Finance Committee

Jacques A. Livaudais, vice-president and cashier, Progressive Bank & Trust Company, New Orleans, *chairman*; M. C. Demarets, Jr., assistant trust officer, Gulf National Bank, Lake Charles; W. C. Earnest, Jr., vice-president and cashier, Avoyelles Trust & Savings Bank, Bunkie; Edgar A. Sowar, executive vice-president and trust officer, Louisiana National Bank, Baton Rouge; S. S. Wallace, assistant trust officer, Commercial National Bank, Shreveport.

Registration; Information

William H. Solis, trust officer, The Hibernia National Bank, New Orleans, *chairman*; E. E. Bennett, vice-president and trust officer, Security National Bank, Alexandria; R. J. Emmer, trust officer, National Bank of Commerce, New Orleans; F. F. Michon, assistant trust officer, Whitney National Bank, New Orleans; H. K. Phelps, Jr., vice-president and trust officer, First National Bank, Shreveport.

Publicity Committee

J. L. Jordan, Jr., assistant vice-president and trust officer, First National Bank, Shreveport, *chairman*;

George J. Guidroz, vice-president and assistant trust officer, Guaranty Bank & Trust Company, Lafayette; Kenneth J. LeBlanc, assistant trust officer, National Bank of Commerce, New Orleans; F. James Rouyer, cashier and trust officer, Gulf National Bank, Lake Charles; J. S. Washburn, vice-president and trust officer, Central Savings Bank & Trust Company, Monroe.

Entertainment Committee

Byron Plauche, executive vice-president, Gulf National Bank, Lake Charles, *chairman*; F. S. Broussard, Jr., vice-president and trust officer, The First National Bank, Lafayette; C. W. Crockett, Jr., assistant trust officer, Guaranty Bank & Trust Company, Alexandria; E. J. Smith, assistant trust officer, Commercial National Bank, Shreveport; Irene K. Wright, trust officer, First National Bank, Shreveport.

Women's Committee

Wives of members of the General Committee.

Will-Drafting Contest Has Bank as Sponsor

MERCHANTS National Bank & Trust Company, Indianapolis, is sponsoring a will-drafting contest on an annual basis at the Indiana University School of Law, Indianapolis Division.

The trust department of the bank and Dean Henry B. Witham of the Law School have worked jointly in developing the rules and procedures to be followed in the contest. The first such contest is being held in conjunction with the summer session of the Law School which started in mid-June.

A set of hypothetical facts will be furnished, from which each contestant is to draft a will. Prizes of \$100, \$50, and \$25 will be awarded the best entries. The judges will be three or more members of the Law School faculty, to be nominated by the Dean.

Prizes will be awarded at a special banquet following the close of the contest at which all contestants and the Law School faculty will be guests of the Merchants National Bank & Trust Company.

"We are most enthusiastic in sponsoring this contest and working the students and faculty of the Law

School," said Otto N. Frenzel, president of the bank. "It is our sincere hope that this contest will stimulate and develop the skills of legal draftsmanship for wills and trusts and enable these young lawyers to ultimately handle estate problems of their clients with greater ease."

Major Trends in Trusts

JOSEPH L. WHYTE, vice-president and trust officer of American Security and Trust Company, Washington, D. C., sees four major current trends in the trust field of banking.

Addressing a departmental conference at the recent 55th annual convention of the American Institute of Banking in Richmond, Mr. Whyte stated the trends like this:

(1) There is a trend towards a much greater use by individuals and organizations of the trust services of banks.

(2) I believe there is a distinct trend towards a search for greater efficiency in our trust procedure.

(3) There is a trend towards fairer fees for trust services rendered.

(4) There is a trend towards a staff which is increasingly more qualified and more flexible in its ability to handle the varied problems.

Scholarship Trust Fund

TEN students will attend Southern Methodist University next year as second-year recipients of a scholarship tuition fund established under the will of the late Walter B. Williams, Dallas banker and businessman, it was announced by First National Bank in Dallas, trustee of the fund.

Of the 10 students to receive scholarships, five were among 30 who were winners last year, the first year the fund was activated. Accruing interest from the fund provides for the awarding of 8 to 10 scholarships yearly, it was explained by Ben H. Wooten, president of First National.

The Walter B. and Margaret M. Williams Scholarships—named for the donor and his wife—pay a full year's tuition at SMU and include an allowance for textbooks and school supplies. Scholastic achievement and good citizenship are two prime factors in consideration of students to receive the annual awards.

CALENDAR

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American Bankers Association

- Sept. 22-25 83rd Annual Convention, Atlantic City
- Oct. 10-11 Western Regional Trust Conference, Multnomah Hotel, Portland, Oreg.
- Nov. 21-22 Mid-Continent Trust Conference, Jung Hotel, New Orleans
- Nov. 21-23 National Agricultural Credit Conference, Morrison Hotel, Chicago

State Associations

- July 8-12 North Carolina Bankers Association, Carolinas Bankers Conference, University of North Carolina, Chapel Hill
- July 18-20 West Virginia, The Greenbrier, White Sulphur Springs
- Aug. 18-23 Pennsylvania Bankers Summer School, Penn State University, University Park
- Sept. 5-7 Savings Banks of Maine, Balsams Hotel, Dixville Notch, N. H.
- Sept. 9-12 Vermont-New Hampshire School of Banking, Amos Tuck School, Hanover, N. H.
- Sept. 12-14 Savings Banks of Massachusetts, Poland Spring House, Poland Spring, Maine
- Sept. 20-21 Savings Banks of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill
- Oct. 10-12 Nebraska, Paxton Hotel, Omaha
- Oct. 13-15 Kentucky, Brown Hotel, Louisville
- Oct. 14-15 Savings Banks of Connecticut, Mountain View House, Whitefield, N. H.
- Oct. 18-19 New Hampshire (Fall Meeting), Mountain View House, Whitefield, N. H.
- Oct. 20-23 Iowa, Fort Des Moines Hotel, Des Moines

- Nov. 13-15 Savings Banks of New York, Fontainebleau Hotel, Miami Beach
- Nov. 15-17 Arizona, Arizona Biltmore, Phoenix
*Joint Meeting

Other Organizations

- July 14-16 Central States Secretaries Conference, French Lick - Sheraton Hotel, French Lick, Ind.
- July 28- Aug. 3 School of Mortgage Banking: Course 1, Stanford University, Stanford, Calif.
- July 28- Aug. 10 NABAC School for Bank Auditors and Comptrollers, University of Wisconsin, Madison, Wis.
- Aug. 4-10 School of Mortgage Banking: Course 2, Stanford University, Stanford, Calif.
- Aug. 4-16 School of Consumer Banking, University of Virginia, Charlottesville
- Aug. 25- Sept. 26 Pacific Coast Banking School, University of Washington, Seattle
- Aug. 26- Sept. 7 Central States School of Banking, University of Wisconsin, Madison
- Sept. 29- Oct. 3 Financial Public Relations Association, Edgewater Beach Hotel, Chicago, Ill.
- Oct. 6-9 Robert Morris Associates, Shoreham Hotel, Washington, D. C.
- Oct. 7-10 National Association of Bank Auditors and Comptrollers, 33rd Annual Convention, Atlanta - Biltmore Hotel, Atlanta, Ga.
- Oct. 7-10 National Assn. of Bank Women, Annual Convention, Sheraton Plaza Hotel, Boston, Mass.
- Oct. 23-26 Consumer Bankers Association, 37th Annual Convention, The Claridge, Atlantic City
- Nov. 4-7 Mortgage Bankers Association of America, 44th Annual Convention, The Statler-Hilton, Dallas, Texas

1958	JANUARY							1958
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All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

One
of
America's
great
banks
...always
ready
to
serve
you.



Member Federal Deposit Insurance Corporation

President Cocke Urges Support for Legislation

AFTER paying tribute to three Virginians who have made great contributions in the Senate to sound finances—the late Senator Carter Glass, Senator A. Willis Robertson, and Senator Harry Flood Byrd—A.B.A. President Erle Cocke discussed The Robertson Bill and aspects of Government finances at the annual convention of the Virginia Bankers Association. The bill passed the Senate in March and is now before the House of Representatives.

"I have no hesitation in saying that if S. 1451 is enacted into law," said Mr. Cocke, "the cause for a sound financial system will be advanced to a very substantial degree. It would not be possible for me here to discuss the detailed provisions of the bill, but every banker should have an understanding of what it contains and how his institution is affected. The American Bankers Association has published a digest of the provisions of the bill, which has been distributed to our membership. [Copy has been mailed to each member bank.]

"The interest and support of the banking fraternity, not merely here in Virginia but throughout the country, will be necessary to help the enactment of a code of financial laws that fits the needs of the times and thus better serves the public interest."

The blessing in being poor is that a woman can pay \$1.98 instead of \$25 for a \$1.98 hat.

The husband has to make money first and his wife has to make it last.

A business is too big when it takes a week for gossip to go from one end of the office to the other.

LeFebvre Teller Equipment



TWO STOCK MODELS PLUS
HUNDREDS OF BASIC DESIGNS
IN SIZES TO MEET YOUR
REQUIREMENTS

LeFebvre CORPORATION

Cedar Rapids, Iowa
Representatives In Most Principal Cities



The clocks keep ticking away. We need your dollars to make each minute count in the fight against cancer.

With \$70, we can buy an eyepiece micrometer... \$48 buys a laboratory flowmeter... \$15 buys an instrument sterilizer... \$3.75 a hematocrit reader.

Only you can decide how much you can afford to send. But send it *today*, to help us keep moving ahead in the struggle to save lives.

Send your check to "Cancer" c/o your local Post Office.

AMERICAN CANCER SOCIETY

WHOA



There's no horsing around with facts. And the facts show:

- PNB has been a national leader for 50 years in the development of correspondent services
- PNB has been a national leader for 50 years in volume of transit items cleared for correspondents
- PNB is a leader in the fast collection of items—as your own comparison of date-stamps will show you.

There's plenty of horse-sense in a PNB correspondent relationship.

THE PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA 1, PA. *Main Office • Broad & Chestnut Streets*

Member Federal Deposit Insurance Corporation

22 OFFICES IN
PHILADELPHIA,
BUCKS, DELAWARE
AND MONTGOMERY
COUNTIES

The A.I.B. Goes to Richmond

BACK to Old Virginy, the State where it was born, went the American Institute of Banking for its 1957 convention.

This 55th annual meeting of the largest adult educational organization, held in Richmond, heard reports of another record A.I.B. year, cheered a special message from President Eisenhower, elected one Clark—George of Los Angeles—to succeed another—Leroy S. of New York—as its own president.

The program covered such topics as executive development, automation, job opportunities and the training that prepares for them. At practical clinics the A.I.B.ers discussed the Institute's educational and administrative problems. And they spent an afternoon and evening at Williamsburg and Jamestown, where the roots of America go deep.

Right, the new president, George Clark, assistant vice-president, Security-First National Bank, Los Angeles; left, the new vice-president, Gerald E. Hayes, assistant vice-president, The National Shawmut Bank, Boston



A.I.B.'s roots are deep in the Old Dominion, too, for it was at Richmond in 1900 that the American Bankers Association authorized formation of the American Institute of Bank Clerks to help young people of a simpler time carry out their desire for self-improvement.

"A Proud Profession"

President Eisenhower's telegram, read to the more than 1,500 delegates by one of the first session speakers, Robert K. Gray, special assistant at the White House, said:

"Banking is a proud profession, established on the solid principles and productivity of past generations and dedicated to the growing future of the nation. As you continue your efforts to promote responsible citizenship at home, you will strengthen the American tradition

Edward A. Wayne, general chairman of the convention committee, and first vice-president, Federal Reserve Bank of Richmond, welcomes the delegates



Leroy S. Clark, A.I.B. president, 1956-57, and vice-president, The Marine Midland Trust Co. of New York, opens the Richmond convention. In the background is Dr. Leroy Lewis, national educational director

of responsible government across the land.

"Best wishes for a memorable convention."

Membership, Enrolment Records

Sharing a common purpose—advancement in their profession—the A.I.B.ers were told by President Leroy Clark that membership figures for the Institute year totaled 138,411, enrolments 77,501, both new highs. The 292 chapters compared with 282 a year ago, study groups numbered 204 compared with 184, and correspondence enrolments numbered 860 against 842. Several new and revised textbooks were produced, and more are coming.

President Clark also reported that





The delegates sang old favorites as a prelude to the opening of the first convention session in Richmond's Hotel John Marshall

ica." To meet the needs of management succession, he said, 5,000 new bank officers, including 1,000 presidents, must be found each year. And banks must employ 100,000 new people each year to keep pace with growth and to take care of replacements.

The Institute's 13 graduate courses, Dr. Lewis emphasized, are "tailormade" for the development of an executive. They provide not only a degree of specialization in each of the certificate groups, but also, in conjunction with the A.I.B. monetary seminars and its informal educational activities, they furnish "a broad background of liberal banking education."

Hal Stonier's Last Message

From Dr. Harold Stonier, ill in Asheville, N. C., came greetings to the convention, just four days before his death. For many years the Institute's national educational director, "Hal" sent to Richmond a telegram that was his last message to a group of bankers. It read:

"So sorry I cannot be with you to help celebrate another great year of accomplishment. The Institute continues to enhance its record in the banking industry and everyone at the convention has a right to be proud of the results of their hard work. Kindest regards and best wishes to all.—HAL STONIER."

A perpetual reminder of the man who long befriended banking education is the Harold Stonier Award, given at the convention to the student who had the highest grades in

as of May 14 the Institute, during its long life, had issued 55,675 pre-standard certificates, 35,971 standard certificates, and 5,045 graduate certificates.

Management's Interest in A.I.B.

Several speakers paid tribute to the contributions of "the front office" to the Institute's success.

"Bank management," said the new President Clark in his inaugural, "is greatly responsible for our present policies. Its interest in our objectives has reached an all-time high. Many top executives are encouraging some of their promising people to take A.I.B. assignments to gain the administrative experience this work provides."

Retiring President Clark noted

that management was giving the A.I.B. increasing support.

"The value of our educational program has long been recognized," he said. "The value of administrative work in the Institute, at both the chapter and national levels, now is obtaining general recognition. We sometimes forget that our A.I.B. is a truly unique organization. No other business or industry or profession has anything like it. Leaders in other fields envy banking the program which the Institute affords."

Management Succession

Dr. Leroy Lewis, national educational director of A.I.B., asserted that "the search for the educated man and woman" is the "most significant frontier in modern Amer-

New members of the A.I.B. Executive Council, *l. to r.*: E. Floyd Gurney, assistant treasurer, County Bank & Trust Co., Paterson, N. J.; William J. Garrison, assistant vice-president, The Denver National Bank; C. Gordon Dodd, assistant vice-president, Pacific National Bank, Seattle; Marshall C. Tyndall, vice-president, Equitable Security Trust Co., Wilmington, Del.

R. Wade Seward, Jr., Industrial National Bank, Miami, *left*, receives from George Clark, as Institute vice-president, the Harold Stonier Award for excellence in the graduate courses offered by the A.I.B. The award, a gold desk clock and a gold medallion, is made in honor of the late Dr. Harold Stonier, former national educational director of A.I.B. This was its second presentation





Los Angeles Chapter's team won the National Debate Contest for the Jesse H. Jones National Convention Debate Fund prizes. Meeting Philadelphia, the winners took the affirmative of the question, "Resolved, That the United States should discontinue direct economic aid to foreign countries." Pictured, l. to r. O. G. Mampell, Bank of America, Gerald F. Willmont, Security-First National, and Earl H. Cunerd, Girard Trust Corn Exchange Bank, Philadelphia, Debate Committee chairman. The Fund provides a cash prize of \$300 for the winning team and \$200 for the losing debaters, plus transportation and an allowance for personal expenses at the convention



David M. Kimbel, Lincoln Bank and Trust Co., Louisville, Ky., won first place (\$500) in the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes. George Turman, Seattle branch, Federal Reserve Bank of San Francisco, was second (\$300), and A. T. Paioni, Bank of America, Palo Alto, Cal., won third award, \$100. Pictured: Miss Harriet V. Schwing, Fidelity Union Trust Co., Irvington, N. J., chairman of A.I.B. Public Speaking Committee; Mr. Kimbel; Mrs. Claire Giannini Hoffman, daughter of A. P. Giannini; Mr. Paioni; Mr. Turman. Subject for the convention contest: "The Responsibility of Banking in Encouraging Thrift"

earning the graduate certificate during the previous year. At Richmond it was bestowed on R. Wade Seward, Jr., Industrial National Bank, Miami, who, before he became a banker, was on State Department staffs in Buenos Aires and Bahia.

Convention Competitions

Results of the Institute's perennial convention competitions are reported in the captions to the pictures accompanying this story. There's one exception, the national publicity exhibit. Sixty-five chapters entered their scrapbooks for the judging at Richmond, and here are the selections:

Class A (chapters with 751 or more members): First, Boston; second, Seattle; third, Los Angeles. Class B (251 to 750 members): First, Hartford, Conn.; second, Miami; third, Wyoming Valley, Pa. Class C (250 or less): First, Bluefield, West Va.; second, Berks County, Pa.

Convention Notes

Assisting General Chairman Eddie Wayne in the convention planning were these general vice-chairmen: Carlisle R. Davis, Lee F. Davis, R. W. Nuckols, Clair B. Strathy, and Hartwell Taylor, representing the Richmond banks. Francis B. Wil-

liams was convention treasurer and Fred L. Carr convention secretary.

Next year the A.I.B. meets in Kansas City, Mo., June 2-6. Joseph C. Williams, vice-chairman of the board, Commerce Trust Company, is general chairman of the local committee.

An added feature of this year's convention was a showing of films on banking. This was an opportunity for delegates to review available pictures and to learn how they could be obtained for chapter use.

QUICK QUOTES

Here are brief excerpts from some convention talks:

Future Budgets. While President Eisenhower has been able to hold the budget line, we must not expect that all his successors will be able to do so, for as our nation continues to grow, future budgets will necessarily be larger. The important test is not "Is it bigger?" but rather "Is it balanced—can we afford it—does it adequately provide for national safety and social progress?"—**Robert K. Gray**, special assistant, The White House.

Salaries. Please forget, if you will, the bygone days when most banks paid low salaries. The salaries today, I believe, are in line with other industries. . . . It is most essential

for our bank salaries to be competitive.—**Sam Britt**, vice-president, First National Bank of Memphis.

Tomorrow. The leaders of tomorrow . . . must subordinate the yearning for security to the simple desire for opportunity to learn and advance on one's own ability. The A.I.B. . . . will do its full part in producing such leaders.—**Sam Fleming**, president, Third National Bank, Nashville, and president, A.B.A. National Bank Division.

Trust Trends. Major current trends in the trust field are: towards much greater use of trust services by individuals and organizations; greater efficiency in procedure; fairer fees, a staff that is increasingly more qualified and flexible.—**Joseph L. Whyte**, vice-president and trust officer, American Security and Trust Company, Washington, D. C.

Don't Overspecialize. Banking must not overspecialize in its educational and training processes to the extent that we bankers know too little about the processes that give us being. It is possible to know too much about too little. . . . You are the generation which must meet the banking needs of a fantastic new era.—**Lloyd Graybiel**, vice-president, American Trust Company, San Francisco.

(CONTINUED ON PAGE 124)

While you were putting the car

away last night...



...our night staff processed 3000 cash items

Some nights a man can make it out of the house, into the car, into the garage, and back in the house in about 4 minutes.

Other nights (like the one pictured above) there's an extra operation involved. Then it takes about 6 minutes. In those 6 minutes, the night staff at the Continental Illinois in Chicago processed the impressive total of 3000 cash items! 500 per minute!

Speed like this . . . volume like this . . . a system like this explains why many a check mailed to the Continental in the afternoon by banks from coast to coast becomes available funds the following morning.

Our 3000 correspondent banks find this Continental service unique—and a real advantage. We think you would, too. And we'd be happy to discuss it with you.

CONTINENTAL ILLINOIS NATIONAL BANK

and Trust Company of Chicago

Lock Box H, Chicago 90

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 122)

"Do It Yourself." Obviously, as a practical matter, there cannot be 100% participation by every employee in a company-sponsored executive development program, due to lack of facilities, expenses involved, oversight, or sheer poor judgment on the part of persons making the selection. For members of this forgotten group, therefore, a personal improvement program is a must . . .
—**Robert R. Clouse**, vice-president and secretary, Federal Reserve Bank of Cleveland.

Don't Leave It to Chance. The banking world has too long rested on the assumption that when an executive position is open, the right man will be available to fill it. There is currently too much competition for leadership to leave this process of development and career building to chance.—**Dr. Harry S. Rogers**, president, Polytechnic Institute of Brooklyn.

Saver's Safety. Banks can offer the saver far greater safety than do their competitors. You are paying an extremely high price for that

greater safety (in lower earnings), so get the full benefit of it by constantly reminding the public that you offer it.—**George W. Miller**, assistant vice-president, The First National Bank of Chicago.

Wanted: Permanence. A limited survey among bank personnel officers revealed that the outstanding quality sought for in women is "indication of permanence." Next came "willingness to accept responsibility."—**Martin J. Travers**, vice-president, The Marine Trust Company of Western New York, Niagara Falls.

Picture of a Woman Banker. A composite of today's woman bank officer: Usually a high school graduate, an assistant cashier, salary \$4,000-\$5,000, approximately 15 years' experience, in her early 40's, and probably a Mrs.—**W. Frank Phillips**, vice-president, Commercial National Bank, Charlotte, N. C.

"Middle Level Jobs." Women should aim their training at the "middle level" of officer positions; it's there that the greatest opportunities will lie.—**Mrs. Jackie Greer**, assistant vice-president, First City National Bank of Houston.

People. Only 15% of bank customers have business that brings them into contact with top management. This makes the ability to communicate with people of prime importance to the ambitious woman in banking.—**F. Roberta Durham**, First National Bank, Chicago.

A Tip to the Girls. The more we (the women, that is) study and discuss ways to advance banking as an industry, and the less we talk about women, the better off we'll be.—**Barbara Pendleton**, assistant vice-president, Grand Avenue Bank, Kansas City, Mo.

Success Pointers. Ability to get along with others and enthusiasm for the job are essential to success.—**Theo Ann Goodrich**, The Central Bank and Trust Co., Denver.

JOHN L. COOLEY

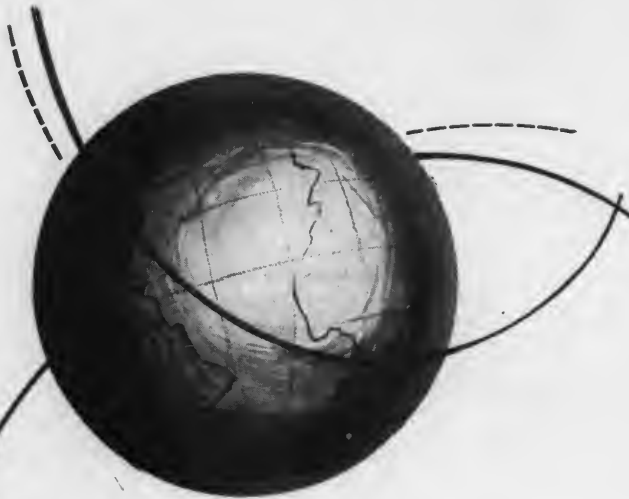
MONEY ISN'T EVERYTHING

The gorgeous little blonde, when she comes into the bank,

Though she scarcely has a dollar to her name,

And her balance is as low as a balance dares to go,

Will draw a lot of interest just the same.



THE SUN NEVER SETS ON

POLK'S *Bank Directory*

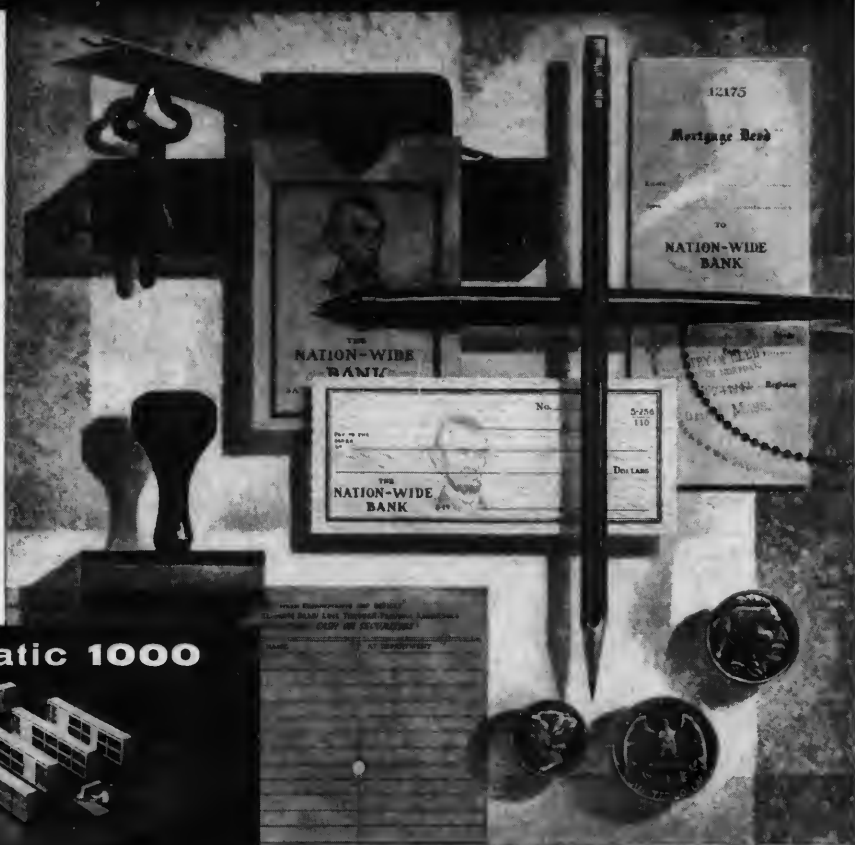
World-wide travel and trade are increasing by leaps and bounds — and this can mean more business for your bank.

Make it easy and convenient for your bank to get attention in faraway places. Extend your business opportunities around the globe with an advertisement in Polk's Bank Directory.

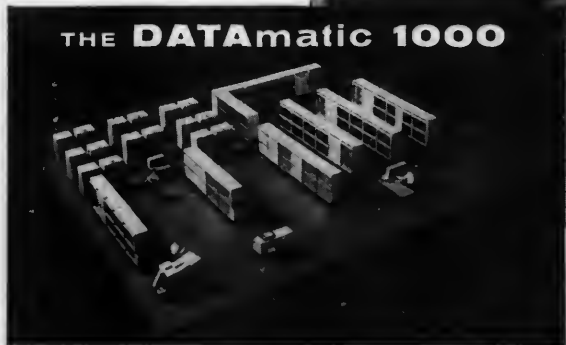
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THE GIANT STEP FORWARD IN BUSINESS DATA PROCESSING

How a bank
will post
daily changes
into 700,000
stockholder
records in less
than 1 hour!



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Here's why a leading bank chose this new Electronic Data Processing System:

The DATAmatic 1000 will update 700,000 stockholder records, 100,000 deposit accounting records, 8,500 personal trust records and 65,000 installment loan accounts daily. And here's just one sample of its speed — an average of 4,000 daily changes will be posted into 700,000 stockholder records in less than one hour!

It's this kind of performance that is selling modern business — such as this bank, a large manufacturer, a hospital-medical service association — on the DATAmatic 1000. They've found that this is the system designed *specifically* for business. All elements of the DATA-

matic 1000 — processing speeds, file capacity, flexibility, reliability, ease of programming — are perfectly combined for handling an almost limitless variety of large-scale operations.

Your organization may well find the Datamatic 1000 ideal for cutting costs of office processing work . . . and for providing management with accurate up-to-the-minute reports on which to base daily decisions. If you are considering any large-scale data processing program, you will want to evaluate the DATAmatic 1000. Our applications engineers will be glad to discuss your requirements. Courses of instruction and programming are available. Write for details to Dept. B-7.

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G.S.B. Completes 23rd Annual Session

THE 23rd annual session of The Graduate School of Banking has now been completed at Rutgers—The State University, in New Brunswick, N. J. A total of 1,051 bank officers from 46 states, the District of Columbia, Puerto Rico, and Cuba attended the two-week session.

The summer session opened June 10 and closed on June 22, with commencement exercises on Friday evening, June 21. There were 335 men in the graduating class, with a junior class of 314, and a freshman class of 402. The faculty numbered 109 for the 1957 session, was made up of bankers, lawyers, Government officials, and educators.

Classes and discussion groups occupied the daytime hours during the two weeks, with seminars and submajors in the evening. The seminars traditionally are conducted by leading figures in American life, and this year was no exception. Dr. W. Randolph Burgess, Under Secretary of the Treasury, conducted the seminar

on Friday evening, June 14. On Wednesday evening, June 19, Eric Johnston, president, Motion Picture Association of America, was featured.

Other evening sessions consisted of three submajor courses. One of these was an orientation course—school procedures, reasearch, thesis preparation and writing, etc.—for the incoming class. A second was concerned with personnel and public relations. The third, for the graduating class, was devoted to banking and Government relations.

Four major subjects are offered by the school—commercial banking, trusts, investments, and savings management and real estate financing. Students in all majors also attend classes in "Economics of Banking and Business."

Since The Graduate School of Banking opened its doors, about 80 schools and conferences in banking have been established, but the Graduate School remains unique in one particular—its thesis requirement. To qualify for graduation, the G.S.B. student must write a thesis based upon original research in some phase of finance. According to the School's administration, the thesis requirement has the dual purpose of providing a continuing flow of new research into banking literature and of training G.S.B. men in organized thinking and expression of ideas. Since the student may choose his own subject, the thesis also provides encouragement to the banker to conduct intensive study in his own particular field of interest. The best of the theses are placed in the Rutgers' library, the library of the American Bankers Association, and the Baker Library at Harvard. In addition, they are abridged by their authors for publication in the Volume "Present Day Banking," published annually by BANKING.

A special event during the 1957 session was a reunion of members of the class of 1937, the first class to graduate from the School. To mark this 20th anniversary, members of the class gathered for Commencement Day and the day preceding. One of their number, John W. Remington, president of Lincoln Rochester Trust Company, Rochester, N. Y., was the commencement speaker.



Above, the student dormitories. The faculty members are housed at Demarest Hall, below



The Class of 1957

CALIFORNIA

BARTELS, JOSEPH J., Federal Deposit Insurance Corp., San Francisco
 BURNHAM, DANIEL H., JR., Security Trust & Savings Bank, San Diego
 CREIGHTON, WILLIAM S., Bank of California N. A., San Francisco
 DAGNALL, GEORGE R., Bank of America N.T. & S. A., Berkeley
 ENRIGHT, JOHN S., American Trust Company, San Francisco
 ENSIGN, JAMES A., Citizens National Trust & Savings Bank, Los Angeles
 HALL, P. KEITH, Security Trust & Savings Bank of San Diego, Chula Vista
 O'LEARY, SCOTT, Bank of America N.T. & S.A., Santa Rosa

COLORADO

HERBER, JAMES FREDERICK, Longmont National Bank, Longmont
 HEYSER, HENRY E., Colorado Springs National Bank, Colorado Springs
 HOFFMAN, DONALD D., Central Bank & Trust Company, Denver
 SABASTIAN, DAN H., U. S. National Bank, Denver

CONNECTICUT

AYER, WINSLOW B., Connecticut Bank & Trust Company, Hartford
 BERNARD, ALLYN A., Riverside Trust Company, Hartford



HARRIS & EWING

From left, seminar speakers Eric Johnston and Under Secretary of the Treasury W. Randolph Burgess. At right, John W. Remington, commencement speaker

BUDDS, WILLIAM EDMUND, State of Connecticut Banking Dept., West Hartford
FLEMING, C. PARKER, Waterbury Savings Bank, Waterbury
HANOVER, J. RICHARD, National Savings Bank, New Haven
HAUSMANN, FREDERICK M., Waterbury National Bank, Waterbury
HERBST, ROBERT F., Essex Savings Bank, Essex
NELSON, ROBERT L., Connecticut Bank & Trust Company, Hartford
NORTH, NELSON L., JR., Bridgeport-City Trust Company, Bridgeport
OLSON, GEORGE H., First National Bank & Trust Co., New Haven
ROBERT, FRANKLIN MORGAN, Citizens & Manufacturers National Bank, Waterbury
ROYCE, LEONARD DOLBEARE, Chelsea Savings Bank, Norwich
SMITH, FRANCIS, Southington Bank & Trust Company, Southington
WEIR, JAMES M. F., Riverside Trust Company, Portland
WILCOX, WILLIAM W., Hartford National Bank & Trust Company, Hartford

DELAWARE

FLINN, LEWIS W., Wilmington Trust Company, Wilmington
HUGHES, WOODROW WILSON, Equitable Security Trust Company, Wilmington
KNIGHT, ALAN C., Wilmington Trust Company, Wilmington
MCCARTHY, J. PRESTON, Equitable Security Trust Company, Wilmington

DISTRICT OF COLUMBIA

BRINKMAN, JOHN CARROLL, National Bank of Washington, Washington
DAMPIER, WINFIELD S., Bank of Commerce, Washington
DARLING, HUGH, Riggs National Bank, Washington
DONEGAN, GORMAN S., Riggs National Bank, Washington
LYNCH, J. LEO, National Bank of Washington, Washington
WECKERLY, CHARLES HARRISON, National Bank of Washington, Washington

FLORIDA

HAMES, CLIFFORT M., First National Bank, Orlando
JACKSON, RICHARD MURROW, Palmer First National Bank & Trust Company, Sarasota

GEORGIA

ASKEW, WILBURN A., First National Bank, Atlanta
CAMPBELL, MCCOY C., JR., First National Bank, Atlanta
DILLARD, MACK W., Fourth National Bank, Columbus
HOLLE, WILLIAM F., Jr., Citizens & Southern National Bank, Atlanta
HURLEY, WILLARD L., Comptroller of the Currency Office, Atlanta
LAMB, GEORGE THOMAS, Trust Company of Georgia, Atlanta
LONGINO, CLIFFORD LINDEN, SR., Fulton National Bank, Atlanta
TRE, MACDONELL, Trust Company of Georgia, Atlanta
WOOLSEY, W. WARREN, First National Bank, Atlanta

ILLINOIS

CHUSE, FERD B., Commercial National Bank, Peoria
CORBETT, RICHMOND McLAIN, Chicago Title & Trust Company, Chicago
GALLAGHER, WILLIAM CRIGHTON, Federal Reserve Bank, Chicago
HAAKE, ALFRED P., JR., Continental Illinois National Bank & Trust Company, Chicago
HANIGAN, H. T., First National Bank of Chicago, Chicago
HIBEN, MILAN G., American National Bank & Trust Company, Chicago
MACLEOD, ALBERT H., Hattis Trust & Savings Bank, Chicago
VANDERPOEL, WAID R., First National Bank, Chicago
ZAJIC, CHARLES J., Western National Bank, Cicero

INDIANA

ARBOGAST, G. THOMAS, Merchants National Bank & Trust Company, Indianapolis
BOEDMAN, PAUL L., American Fletcher National Bank & Trust Company, Indianapolis
WILLKIE, PHILIP H., Rushville National Bank, Rushville

IOWA

CHAMBERLAIN, HARLAN BRUCE, Federal Deposit Insurance Corporation, Oelwein
MCCORMICK, JOHN T., Iowa-Des Moines National Bank, Des Moines

KANSAS

HOFFMAN, CHRISTIAN NISSLEY, JR., National Bank of America, Salina
MCCRARY, WILLIAM HENRY, JR., Johnson County National Bank & Trust Company, Prairie Village
O'DONNELL, EDWARD L., Federal Deposit Insurance Corp., Wichita
RIFFEY, FRANCIS MAX, Union National Bank, Wichita

KENTUCKY

CATON, THORNTON J., Citizens Fidelity Bank & Trust Company, Louisville
LANDRUM, ROBERT KINKHEAD, Security Trust Company, Lexington
TYLER, JOHN WAYNE, Citizens Fidelity Bank & Trust Company, Louisville

LOUISIANA

LIER, JOSEPH G., National Bank of Commerce, New Orleans

MAINE

GOLDTHWAIT, SHELDON F., Bar Harbor Banking & Trust Company, Bar Harbor

MARYLAND

BAKER, HENRY SCOTT, JR., Fidelity-Baltimore National Bank, Baltimore
CASBARIAN, JAMES PAUL, Bank of Maryland, Seat Pleasant
FROELICH, S. CHARLES, Union Trust Company of Maryland, Baltimore
HARDEN, JOHN R., Bank of Maryland, Seat Pleasant
HARVEY, ROBERT DIXON HOPKINS, Maryland Trust Company, Baltimore
HYDE, CHARLES H., Second National Bank, Cumberland
INSLEY, HOWARD ELDRIDGE, Union Trust Company of Maryland, Baltimore
ULRICH, GEORGE WILLIAM, Mercantile-Safe Deposit & Trust Company, Baltimore
VELENOVSKY, GEORGE W., Annapolis Banking & Trust Company, Annapolis
WHITE, MILES, III, Union Trust Company, Baltimore

MASSACHUSETTS

ALEXANDER, E. RUSSELL, Franklin Savings Institution, Greenfield
AUBREY, LEE J., Federal Reserve Bank, Boston
BULLARD, RICHARD K., Brockton National Bank, Brockton
BURCHELL, JOHN MICHAEL, Haverhill Savings Bank, Haverhill
CARLSON, JOHN EDWIN, JR., Boston Safe Deposit & Trust Company, Boston
COLEMAN, HAROLD E., Bay State Merchants National Bank, Lawrence
COLLINS, JOHN MCPHERSON, Springfield Institution for Savings, Springfield
CRAFTS, PRESCOTT CLOUGH, JR., First National Bank, Boston
EGAN, JOHN C., Union National Bank, Lowell
ELSBREE, JOHN FRANCIS, Rockland-Atlas National Bank, Boston
EVANS, E. LLOYD, JR., Federal Reserve Bank, Boston
FLANNERY, JOHN LEONARD, Federal Deposit Insurance Corp., Boston
GOHL, O. DONALD, Quincy Savings Bank, Quincy
GORDON, GEORGE BAUCHOP, Old Colony Trust Company, Boston
GRAY, PETER, Harvard Trust Company, Concord
JAMES, WILLIAM A., Springfield Institution for Savings, Springfield
JORDAN, ROBERT J., Arlington Trust Company, Lawrence
KOCH, W. KENNETH, First National Bank, Boston
MACKELL, HOWARD CAMERON, Attleboro Trust Company, Attleboro
MCGRAY, WILLIAM A., National Shawmut Bank, Boston
NABB, THOMAS H., JR., Fall River Trust Company, Fall River
NETTLETON, JOHN C., Bass River Savings Bank, South Yarmouth
QUACKENBUSH, STANLEY G., Worcester County Institution for Savings, Worcester
REIDY, CHARLES F., JR., Granite National Bank, Quincy
ROBINSON, CERIC EARL, First National Bank, Boston
SCOLLANS, JAMES F., JR., Comptroller of the Currency Office, Medford
SMITH, LAURENCE ALOYSIUS, Woburn National Bank, Woburn
SUTHERLAND, LESLIE CARROL, Merchants National Bank, Boston
THOMAS, ARTHUR G., National Shawmut Bank, Boston
WILKINSON, JOHN E., Charlestown Savings Bank, Charlestown

MICHIGAN

FHALICK, JOHN F., National Bank of Detroit, Detroit
 KILMER, NED A., JR., City Bank & Trust Company, Jackson
 SPAETH, CARL F., JR., City Bank & Trust Company, Jackson

MINNESOTA

BARNUM, GEORGE G., JR., First and American National Bank, Duluth
 WOOD, LUVERN E., Federal Deposit Insurance Corp., St. Paul

MISSISSIPPI

ALLEN, MAX TRAVIS, JR., Jackson-Hinds Bank, Jackson
 COX, JAMES D., Deposit Guaranty Bank & Trust Company, Jackson

MISSOURI

CURTIS, ORVILLE B., Easton-Taylor Trust Company, St. Louis
 EAGLETON, ROGER C., Federal Deposit Insurance Corp., Kansas City
 HOLTON, JAMES O., JR., Citizens National Bank, Maplewood
 MOORE, WILLIAM GILLESPIE, JR., Mercantile Trust Company, St. Louis
 SNIDER, JOHN WESLEY, Federal Reserve Bank, Kansas City
 SPIVY, WILLIAM W., First National Bank, St. Louis

NEW JERSEY

BAIN, GEORGE F., JR., Monmouth County National Bank, Red Bank

BAUMGARTNER, WILLIAM MATTHEW, Camden Trust Company, Camden
 BLACKMAN, EDWARD H., Broad Street National Bank, Trenton
 COLLINS, JOSEPH V., Howard Savings Institution, Newark
 CORCORAN, JOHN J., Fidelity Union Trust Company, East Orange
 CURRIE, GERALD L., SR., First National Bank & Trust Company, Paterson
 D'ANGELO, PETER A., First National Bank & Trust Company, Paterson
 DILLER, HARRY C., State Trust Company, Plainfield
 DOUGLAS, WILLIAM JAMES, Linden Trust Company, Linden
 EAKELEY, M. SCOTT, Fidelity Union Trust Company, Newark
 EGNER, ANDREW JOHN, JR., Orange Savings Bank, Orange
 FORBES, GEORGE B., Bound Brook Trust Company, Bound Brook
 GEISSLER, JOHN D., First National Bank & Trust Company, Paterson
 HALLIWELL, EDWARD, Passaic-Clifton National Bank & Trust Company, Clifton
 HARRIS, RICHARD E., National Newark & Essex Banking Company, Newark
 JONES, ROBERT J., First National Bank & Trust Company, Kearny
 KIRBY, J. NORMAN, Trademans Bank & Trust Company, Vineland
 LOUNSBURY, ROBERT JUDSON, First Camden National Bank & Trust Company, Camden
 ROCHE, LEONARD MELVERN, County Bank & Trust Company, Paterson
 SAUER, JOHN T., Half Dime Savings Bank, Orange

NEW MEXICO

KRUHM, KENNETH A., First National Bank, Albuquerque

NEW YORK

ANGELL, DEFOREST M., Steuben Trust Company, Hornell
 ARCOUT, ROBERT W., East New York Savings Bank, Brooklyn
 ARMSTRONG, CHARLES J., State of New York Banking Dept., New York
 BRUENS, CHARLES H., Harlem Savings Bank, New York
 BRUTON, WILLIAM H., Manufacturers Trust Company, New York
 BUTLER, GEORGE F., Bowers Savings Bank, New York
 CAMERON, STUART E., First National City Bank, New York
 CASSIDY, JOSEPH R., New York Trust Company, New York
 CLEMANS, HENRY W., Federal Deposit Insurance Corp., New York
 CONNORS, ALBERT J., JR., Chase Manhattan Bank, Fresh Meadows
 COYLE, HUGH F., Bankers Trust Company, New York
 CRAMER, HERBERT L., Marine Trust Company of Western New York, Buffalo
 DAVIS, EDWIN JANNEY, Guaranty Trust Company, New York
 DAVIDSON, HAROLD C., Hamburg Savings Bank, Brooklyn
 DEGRAFF, HAROLD F., Genesee Valley Union Trust Company, Rochester
 DIGIACOMO, ANTHONY CARMEN, First National Bank, Ithaca
 DITTRICH, WILLIAM F., JR., Jamaica Savings Bank, Jamaica
 EARLY, JOHN J., Marine Midland Trust Company of Southern New York, Binghamton
 EISEMAN, WILLIAM CLIFFORD, Guaranty Trust Company, New York
 ENGLE, JOHN F., Franklin National Bank, Franklin Square
 EWEN, ROBERT H., Bank of New York, New York
 FLEMING, WALTER V., Chase Manhattan Bank, New York
 FRIES, NELSON E., Marine Trust Company of Western New York, Buffalo
 GABEL, JOHN W., Lincoln Rochester Trust Company, Rochester
 GANONG, GORDON SMITH, City Bank Farmers Trust Company, New York
 GLORIEUX, JOHN P., Guaranty Trust Company, New York
 GRAY, JAMES MILLER, First National Bank, Ithaca
 HAGGERTY, CHARLES J., American Irving Savings Bank, New York
 HARDY, JOHN E., Hanover Bank, New York
 HARTMEYER, JOSEPH BAILEY, Chemical Corn Exchange Bank, New York
 HELLBEGEL, G. WALTER, Ridgewood Savings Bank, Ridgewood
 HEWITT, RALPH B., Manufacturers & Traders Trust Company, Buffalo
 HICKOX, CHARLES F., Marine Midland Trust Company, New York
 HOEN, JAMES B., Union Dime Savings Bank, New York
 HOLZMAN, STANFORD, Bowers Savings Bank, New York
 HORCHLER, CHARLES J., JR., Franklin National Bank, Uniondale
 JENSEN, GROVER C., Bank of New York, New York
 KAMMERER, CHARLES F., JR., County Trust Company, White Plains
 KNAPP, GEORGE E., East New York Savings Bank, Brooklyn
 KNESNIK, EMIL L., Peoples Savings Bank, Yonkers
 KNUDSEN, DENNIS EDWARD, State of New York, Banking Dept., Rochester
 LAW, JOHN C., Oneida National Bank & Trust Company, Utica
 LEWIS, NORMAN W., Central Trust Company, Rochester
 LINDBERG, JEAN MELVILLE, Chase Manhattan Bank, New York
 LONSDALE, WILLIAM, JR., Manufacturers Trust Company, New York
 MCCARTHY, JAMES F., County Trust Company, White Plains
 MCCREADY, RICHARD W., Chase Manhattan Bank, Flushing
 MCDERMOTT, JOSEPH J., City Bank Farmers Trust Company, New York
 MCLEES, JOSEPH R., Bankers Trust Company, New York
 MARSHALL, S. S., III, New York Trust Company, New York
 MENSING, RALPH EMERSON, State Bank of Albany, Chatham
 MIDDENDORF, W. KENNEDY BOONE, Bank of New York, New York
 MILLER, ROBERT LANG, Liberty Bank of Buffalo, Buffalo
 MORAN, FRANCIS J., Lincoln Rochester Trust Company, Corning
 MORSE, PAUL W., Chemung Canal Trust Company, Elmira
 NAOLE, WILLIAM P., Franklin National Bank, Franklin Square
 NASH, ROBERT J., The Binghamton Savings Bank, Binghamton
 NOLAN, EDWARD T., Onondaga County Savings Bank, Syracuse
 NOTIDES, THEODORE, Manufacturers Trust Company, New York
 PARKHURST, LAURENCE H., JR., First National City Bank, New York
 PATTERSON, HERBERT P., Chase Manhattan Bank, New York
 PERRY, HOYT O., JR., New York Trust Company, New York
 PEQUETT, GEORGE L., Marine Trust Company of Western New York, Tonawanda
 PIDERIT, FRED W., JR., Federal Reserve Bank of New York, New York
 PODSEN, HENRY E., Bankers Trust Company, New York
 QUINN, EDWARD J., Franklin National Bank, Farmingdale
 RANDALL, ARTHUR A., Federal Reserve Bank of New York, Buffalo

ATTENDANCE BY STATES—1957

State	1957	1958	1959	Total
Alabama	1	6	7	14
Arizona	..	..	..	..
Arkansas	..	1	2	3
California	8	6	11	25
Colorado	4	..	1	5
Connecticut	15	14	16	45
Cuba	1	..	..	1
Delaware	4	4	6	14
District of Columbia	6	10	9	25
Florida	2	4	4	10
Georgia	9	12	10	31
Idaho	..	..	..	..
Illinois	9	12	7	28
Indiana	3	3	6	12
Iowa	2	..	2	4
Kansas	4	..	3	7
Kentucky	3	4	2	9
Louisiana	1	1	2	4
Maine	1	2	9	12
Maryland	10	7	7	24
Massachusetts	30	23	46	99
Michigan	3	5	5	13
Minnesota	2	6	8	16
Mississippi	2	..	1	3
Missouri	6	5	2	13
Montana	..	..	1	1
Nebraska	..	1	..	1
Nevada	..	..	1	1
New Hampshire	..	1	5	6
New Jersey	20	19	29	68
New Mexico	1	..	1	2
New York	90	71	93	254
North Carolina	9	13	9	31
North Dakota	..	1	..	1
Ohio	14	14	9	37
Oklahoma	..	4	..	4
Oregon	..	1	1	2
Pennsylvania	32	30	40	102
Puerto Rico	1	1	1	3
Rhode Island	6	4	3	13
South Carolina	2	3	3	8
South Dakota	..	1	..	1
Tennessee	3	5	6	14
Texas	15	5	15	35
Utah	..	1	..	1
Vermont	1	1	1	3
Virginia	11	15	12	38
Washington	..	..	2	2
West Virginia	1	..	3	4
Wisconsin	2	3	2	7
Wyoming	2	..	..	2
	335	314	402	1,051

RENO, EDWARD JEROME, JR., New York Trust Company, New York
 ROSEBROCK, CHARLES A., Chemical Corn Exchange Bank, New York
 ROTHMAN, EDWIN S., Federal Reserve Bank, New York
 SADOWSKY, MICHAEL, East New York Savings Bank, Brooklyn
 SIGNOR, WILLIAM L., Adirondack National Bank & Trust Company, Saratoga Lake
 SLODGEN, AINSLIE ALEXANDER, Manufacturers & Traders Trust Company, Buffalo
 STEPHANS, WILLIAM J., JR., Genesee Valley Union Trust Company, Rochester
 STOVER, RICHARD H., County National Bank, Middletown
 TICHENOR, FRANK M., Eastchester Savings Bank, Mount Vernon
 TILLETT, HUGH MARTIN, Hanover Bank, New York
 TOLLEON, JAMES L., Bank of America International, New York
 TOLLES, ANTHONY E., Hamburg Savings Bank, Brooklyn
 UHL, EDWIN W., JR., State Bank of Albany, Albany
 VOGT, ARTHUR C., JR., Bankers Trust Company, New York
 WAGNER, FRED J., Rochester Savings Bank, Rochester
 WALLINGFORD, ELDON R., Hanover Bank, New York
 WEISING, FLORENZ P., Port Chester Savings Bank, Port Chester
 WHITE, PAUL D., Chase Manhattan Bank, New York
 WILLIAMS, JOHN F., Brooklyn Savings Bank, Brooklyn
 WILLIAMS, ROBERT D., Harlem Savings Bank, New York
 WILLIAMSON, ERIC, Dry Dock Savings Bank, New York
 WULFLEFF, DOUGLAS F., First National City Bank, New York

NORTH CAROLINA

ATKINSON, RICHARD S., JR., Planters National Bank & Trust Company, Rocky Mount
 COOPER, P. J., American Trust Company, Charlotte
 DIXON, ELWOOD BOYD, Security National Bank, Raleigh

Economic Aid—"Our Cheapest Insurance"

ECONOMIC aid to the underdeveloped nations is the cheapest insurance we can buy against economic chaos and collapse abroad, against big wars as well as little wars. . . .

You hear a lot of talk from Washington and elsewhere these days about cutting billions out of our foreign aid expenditures. Some eager gentlemen talk of slashing as much as \$5-billion from foreign aid. However, something seems to be wrong with the arithmetic of these gentlemen. President Eisenhower has asked for \$3.8-billion for next year's total foreign aid—for both military and economic assistance. You can't very well cut \$5-billion from \$4-billion. At least I can't imagine how it's done.

Few Americans today will quarrel with the need for military strength at home and abroad. I have not yet heard a single person, striking at foreign aid, who would argue that we should withdraw our defense support from such countries as South Korea, South Viet-Nam, and Formosa. Yet it is to the countries with which we have military pacts—countries on the free world's outermost defense lines—that we devote 85% of our total foreign aid expenditures.

If the opponents of aid don't plan to slash our military alliances, where can they do their slashing? On long range economic aid? It is high time that they and the American people understand precisely what we are spending on long range aid to the underdeveloped countries.

Let me give you the simple truth. Long range economic aid cost us not billions this year but precisely \$250-million. I want to emphasize this figure—\$250-million—the amount we spent in all the countries with which we do not have military pacts and arrangements. . . .

Can we afford to spend these \$250-million, not billions, on our long-term insurance policy? . . .

Every week we spend three-fourths of a billion dollars—\$750-million—on U. S. military defense. In one week, therefore, we are spending three times as much on our military defense as we spend in an entire year on our insurance policy of long-range economic aid.

ERIC JOHNSTON



Familiar noonday scene—each student has consumed 115 meals here in The Commons by the time he graduates

DRYE, WILLARD C., American Trust Company, Charlotte
 DYER, WILLIAM PIERSON, III, Union National Bank, Charlotte
 FORSYTH, WILLIAM FRANK, Citizens Bank and Trust Company, Murphy
 GRIMES, LLOYD MALCOLM, JR., Industrial Bank, Lexington
 HARRIS, THOMAS W., Peoples Bank & Trust Company, Rocky Mount
 MALONE, EARL GORDON, Security National Bank, Burlington

OHIO

ANDREWS, ERIC CHARLES WILSON, National City Bank, Cleveland
 BARTRUM, HARRY E., National City Bank, Cleveland
 FISHER, THOS. N., Fifth Third Union Trust Company, Cincinnati
 HUMMEL, CLARENCE J., Provident Savings Bank & Trust Company, Cincinnati
 KRINEBIHL, JOHN HENRY, City National Bank & Trust Company, Columbus
 PALMER, ROBERT C., Central National Bank, Cleveland
 PUTNAM, DAVID H., City National Bank & Trust Company, Columbus
 RAINE, DAVID L., Central Trust Company, Cincinnati
 ROTHWELL, JOHN CURTIS, Federal Reserve Bank, Cincinnati
 SEARLE, PHILIP F., Geneva Savings & Trust Company, Geneva
 SKALA, CLIFFORD J., Federal Reserve Bank, Cleveland
 WEIGLE, GERALD, First National Bank, Cincinnati
 WENZEL, RICHARD F., Third National Bank & Trust Company, Dayton
 WILSON, ALVIN M., Toledo Trust Company, Toledo

PENNSYLVANIA

ADAMS, HERBERT W., Mellon National Bank & Trust Company, Pitsburgh
 AGNEW, JAMES A., JR., Federal Reserve Bank, Philadelphia
 BOLDEN, WILLIAM NELSON, Philadelphia National Bank, Chester
 BUCHER, G. HAROLD, Valley Trust Company, Palmyra
 BURLEIGH, WILLIAM CRAIG, Provident Trust Company, Philadelphia
 DAVEY, WILLIAM J., Peoples First National Bank & Trust Company, Pitsburgh
 DE MOYA, VINCENT LEHMAN, Ridley Park
 DIVER, THOMAS, Doylestown National Bank & Trust Company, Doylestown
 DREBY, BENJAMIN EVANS, Montgomery Norristown Bank & Trust Company, Norristown
 DUNNING, ARCHIBALD E., Philadelphia National Bank, Philadelphia
 DYER, FRANK REYNOLDS, JR., Philadelphia National Bank, Philadelphia
 FADELEY, HERBERT JOHN, JR., Provident Trust Company, Media
 FAWLEY, JOHN J., First Pennsylvania Banking & Trust Company, Philadelphia
 FRIEDRICH, ANDREW O., Girard Trust Corn Exchange Bank, Philadelphia
 HAEFEL, LOREN C., Peoples Bank of Bethlehem, Bethlehem
 HANSON, HAROLD E., Philadelphia National Bank, Bristol
 HARDING, TREVOR MORGAN, Comptroller of the Currency Office, Kingston
 HENRY, RALPH M., First Pennsylvania Banking & Trust Company, Philadelphia
 HILLIARD, WILLIAM JOHN, Philadelphia Saving Fund Society, Philadelphia
 HOKE, WILLIAM F., Merchants National Bank & Trust Company, Meadville
 HORD, WILLIAM T., First Pennsylvania Banking & Trust Company, Philadelphia
 KIEHL, STEWART A., First National Bank, Lock Haven
 LEEK, RAYMOND, Federal Reserve Bank, Philadelphia
 MOORE, C. RUSSELL, Federal Reserve Bank, Pitsburgh
 MORRISON, THOMAS F., Girard Trust Corn Exchange Bank, Philadelphia
 POTTER, GURDON GALLUP, Federal Reserve Bank, Philadelphia
 REESER, WARREN R., First National Bank, Towanda
 ROCKHILL, ROBERT K., Philadelphia National Bank, Levittown
 SHARFVACK, WILLIAM FORREST, Oil City National Bank, Oil City
 SMITHERS, PHILIP MEDFORD, Fidelity-Philadelphia Trust Company, Philadelphia
 UHRICH, HARRY J., First National Bank, Lebanon
 WALKER, PAUL J., Dept. of Banking, Pitsburgh
 WHITE, WILLIAM PAUL, Grove City National Bank, Grove City

BANK OFFICERS AT 1957 SESSION

Title	1957	1958	1959	Total
President	3	4	3	10
Vice President	35	45	43	123
Assistant Vice President	63	60	54	177
Cashier	5	6	12	23
Assistant Cashier	47	54	83	184
Trust Officer	24	8	12	44
Assistant Trust Officer	18	23	25	66
Secretary	2	1	1	4
Assistant Secretary	24	15	27	66
Treasurer	4	1	4	9
Assistant Treasurer	31	33	55	119
Auditor	6	3	6	15
Assistant Auditor	1	3	1	5
Comptroller	5	..	5	10
Assistant Comptroller	2	1	5	8
Branch Manager	5	5	6	16
Assistant Branch Manager ...	7	10	6	23
Department Head	11	7	9	27
Assistant Department Head...	1	1	3	5
Examiner	15	12	14	41
Assistant Examiner	4	3	3	10
Miscellaneous	22	19	25	66
	335	314	402	1,051

RHODE ISLAND

FITZGERALD, JOHN G., Woonsocket Institution for Savings, Woonsocket
 GICHAN, WALTER W., Citizens Trust Company, Providence
 MACAULAY, MURRAY K., Rhode Island Hospital Trust Company, Providence
 NEWELL, H. ALLAN, Plantations Bank of Rhode Island, Providence
 TALBOT, MAURICE E., Centreville National Bank, West Warwick
 TOWLE, C. CULVER, Rhode Island Hospital Trust Company, East Providence

SOUTH CAROLINA

HYDE, JOHN WITHERSPOON, First National Bank, Greenville
 TAYLOR, JOSEPH WOODS BRUNSON, The Peoples Bank, Hartsville

TENNESSEE

ARLEDGE, CHARLES L., American National Bank & Trust Company, Chattanooga
 LAWRENCE, RISLEY P., Third National Bank, Nashville
 STEWART, GEORGE MATHEW, American National Bank & Trust Company, Chattanooga

TEXAS

BOLDT, KARL L., Bank of the Southwest, Houston
 BROWN, FRED, Citizens National Bank, Waco
 CASTLES, VOLNEY C., Fort Worth National Bank, Fort Worth
 COOK, B. STAN, JR., The Texarkana National Bank, Texarkana
 DENMAN, WILLIAM HARVEY, First National Bank, Fort Worth
 EBANKS, GEORGE W., National Bank of Commerce, Houston
 GARDNER, HOWARD BYRON, Galena Park State Bank, Galena Park
 LEWIS, RICHARD J., JR., First City National Bank, Houston
 LINER, DANIEL N., Republic National Bank, Dallas
 LOFMAN, HULON A., Mercantile National Bank, Dallas
 PATTERSON, TOM M., Federal Deposit Insurance Corp., Dallas
 FRITCHETT, WILLIAM MCCADDIN, Federal Reserve Bank, Dallas
 WALLACE, ROBERT P., United Savings Association, Corpus Christi
 WEBSTER, HENRY THOMAS, First National Bank, Fort Worth
 WEBSTER, WILLIAM H., JR., National Bank of Commerce, San Antonio

VERMONT

HOWARD, DONALD S., Howard National Bank & Trust Company, Enosburg Falls

VIRGINIA

BEVERLY, C. S., First & Citizens National Bank, Alexandria
 BLACK, W. MARSHALL, JR., Peoples National Bank, Charlottesville
 BROCKENBROUGH, HENRY WATKINS, State-Planters Bank of Commerce & Trusts, Richmond
 BROMM, FREDERICK T., First National Exchange Bank, Roanoke
 DRAKE, WELMONT LEWIS, SR., State-Planters Bank of Commerce & Trusts, Hopewell
 FISHBURNE, STUART P., Federal Reserve Bank, Richmond
 HORIGAN, JOHN C., Federal Reserve Bank, Richmond
 MCCORKLE, WILLIAM FRANTZ, Rockbridge National Bank, Lexington
 ROFER, ALBERT C., Bank of Virginia, Norfolk
 WALLER, JOHN PHILLIPS, Alexandria National Bank, Alexandria
 WYATT, JOSEPH R., First National Trust & Savings Bank, Lynchburg

WEST VIRGINIA

HANNA, ROBERT C., Kanawha Valley Bank, Charleston

WISCONSIN

GROVER, WILBUR J., Kellogg-Citizens National Bank, Green Bay
 JOHNSON, ELMER L., Beloit Savings Bank, Beloit

WYOMING

KENDIG, A. EDWARD, State Bank of Wheatland, Wheatland
 MAHONEY, DON F., Stock Growers National Bank, Cheyenne

CUBA

WILLIS, ROBERT S., First National City Bank, Havana

PUERTO RICO

GUZMAN, ROGELIO I., Banco de San Juan, San Juan

Managing the Public Debt

NINE years ago, in June 1948, I spoke to The Graduate School of Banking on the subject of the management of our huge national debt. At that time, I was able to report the conclusions of a two-year study made by the Committee on Public Debt Policy, of which I was chairman. You may recall that this Committee published a series of pamphlets and a summary volume entitled "Our National Debt."

Tonight, after spending 4½ years in the Treasury Department with some responsibility for the management of the public debt, I want to tell you what we have accomplished in putting into effect the principles on which our Committee agreed nine years ago.

This is particularly appropriate because, in recent weeks, many foolish and unduly alarming statements have been made about the debt and our present problems in its management. We have problems, but not crisis.

Tonight I propose to cite the recommendations of our Committee in 1948 and summarize briefly what we have accomplished in fulfilling them.

Our Committee described, under four headings, the dangers to the American people arising from our huge debt.

One of the dangers is dilution of the dollar: inflation. Another is the risk of boom and bust: after you inflate, you almost always deflate.

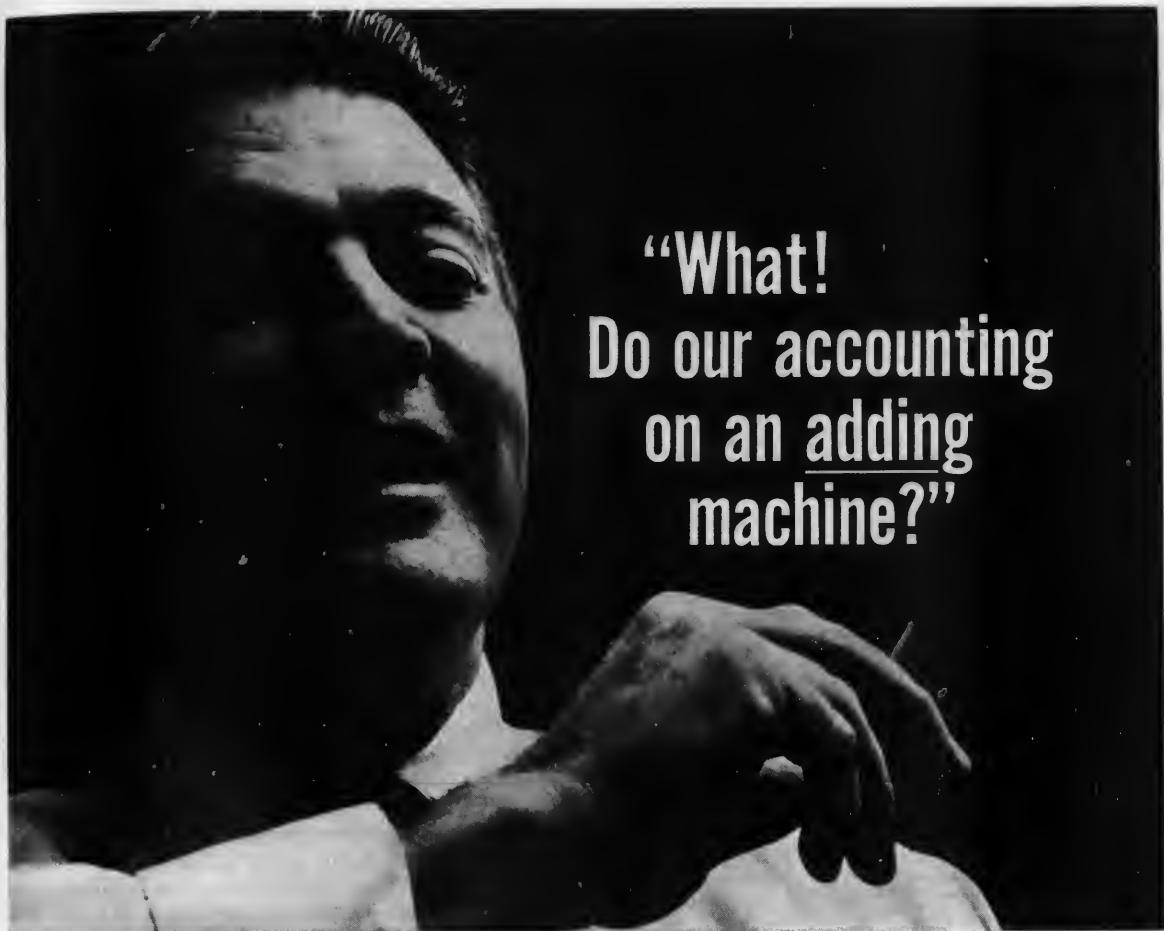
The third is smothering of enterprise. With the huge debt, the amount of taxes is large. The debt interferes with the capital markets and tends to hold back private enterprise.

Fourth is the loss of human freedoms: big government, big budgets, big taxes, and huge financing operations cramp the freedom of the individual citizen.

(Under Secretary Burgess then showed how the Treasury has tried to accomplish these objectives.)

We do have problems. They are the problems of prosperity. They arise from that great confidence in the future which leads our consumers and supplies alike to seek ever larger additional amounts of credit with which to buy, build, and produce more goods. This very confidence, and the record rates of employment and business activity which reflect it, more than demonstrate the ability of our society to absorb declines in Government spending and the vitality of our free enterprise economy to bring an ever higher living standard to our people.

W. RANDOLPH BURGESS



**“What!
Do our accounting
on an adding
machine?”**

Yes, right on a low-cost Burroughs Director 400! Of course, the Director does a fast, easy job of adding, subtracting and multiplying on tape. But that's only half the story.

The all-electric Director takes on listing jobs and form jobs, too. Does a thorough wrap-up on daily statements, batch proof lists, mortgage loan notices, old and new balance proofs, plenty of other jobs.

And talk about features! Here's a sampling: The big carriage takes wide forms, tabulates automatically if desired. Short-cut operation permits indexing amounts and depressing motor bar simultaneously, for greater speed. Exclusive Shuttle-master gives three-way register selection for fast all-purpose duplex figuring. And at the flick of a lever, the Director lists descriptive numbers beside amounts, lists 2 separate amounts or uses full 13-column capacity.

Made for your bank? Call our nearby branch for a demonstration. No obligation, of course. Burroughs Corporation, Detroit 32, Michigan.

Burroughs Director 400

ADDING MACHINE

“Burroughs” Reg. T.M.



FOR THE BANKER WHO WANTS TO PERFORM A BETTER SERVICE WITH A MINIMUM OF EFFORT

Here's a Complete Insurance
Package assuring uniformity
of coverage, designed espe-
cially for Mobilehome
contracts

**THAT TAKES SO MUCH LESS
OF YOUR TIME TO HANDLE**

it's actually revolutionary!

And it has EVERYTHING!

ALL MOBILEHOME COVERAGES.

complete Physical Damage including VSI, 30 Day Trip, Collision, etc. . . . Credit Life, Accident & Health.

NATIONWIDE CLAIM SERVICE.

we have over 1,000 claim representatives in the area we service . . . all 48 states, U. S. territories and possessions.

AUTOMATIC COVERAGE.

protection starts the very minute the loan is approved.

FAST CLAIM SERVICE.

within one hour after a loss is reported to us, the claim is assigned to a representative in the vicinity by long distance telephone so satisfactory settlement can be effected at once.

MARKET SECURITY.

we represent several major stock specialty companies . . . with complete underwriting authority.

CLAIM PAYING AUTHORITY.

the insurance companies have confidence in our ability, based on over 30 years experience, so you will be dealing direct with the individual approving the claims.

Write today for complete and factual information



Blendale 9-4196 Keeler Bldg. Grand Rapids 2, Mich.
INSURING MOBILEHOMES FROM COAST
TO COAST IS OUR ONLY BUSINESS

Advertising—Investment for Profit

(CONTINUED FROM PAGE 59)

and demand. In this case, \$1,000,000 insured against a possible loss of perhaps \$10,000,000 and, at the same time, resulted in a profit of more than double that amount. What this company did is common practice in product marketing.

It is not necessary for any bank to spend three years and \$1,000,000 to research its potential, even though it must start from scratch. Without research results upon which to base its advertising, however, it can easily spend \$15,000 in three years, of which amount 90% is partially if not completely wasted.

Research Begins at Home

Research begins in your own files. *Know thyself*—thy history, thy condition, thy policies, thy services, thy personnel. Only when you have in hand the full facts about your bank can you interpret to your customers and prospects the corporate personality you wish to present—thoroughly reformed, of course.

Researching your customers is a rewarding experience. Once you know them, you can reasonably conclude that others much like them are the best prospects for your banking services.

In what part of town do your customers live? What age groups do they represent? What do they do for a living? And, in terms of this information, what bank services do they use?

When your files have provided accurate answers to the foregoing, you have already acquired an important, if somewhat sketchy, fund of information upon which to base your advertising program.

"Look," you say, "30% of our customers live in Woodleigh Heights—and that means most of them have GI or FHA homes. They are between 30 and 36, by which age their business direction has pretty well stabilized. They break down into 3% owners of small business, 2% professionals, 8% executives, 28% factory workers, 48% white-collar workers and sales people; 52% have only checking accounts; 15% have only savings accounts; 36% have both; 10% make loans with us."

If this information fails to tell what services to advertise, it certainly gives a clue on what *not* to advertise. For example, although it is prudent to make residents of Woodleigh Heights aware that mort-

(CONTINUED ON PAGE 134)

"Okay . . . Send Us a Thousand"

FROM interviews I regularly have with salesmen of advertising specialties, I am repeatedly appalled at the hit-or-miss way in which their products are often purchased. Summarizing their reports, it is not inconceivable that their conversational gambits with bank officers go something like this:

Salesman: "I have an outstanding coin bank for sale."

Officer: "I haven't much time, but if you can make it quick . . ."

Salesman: "The bank at Spring City bought 1,000 last year and is ordering 2,000 more."

Officer: "It looks good . . . what's the cost per thousand? . . . humm . . . that's fair enough. We need some more banks." (*Hails another bank employee passing by.*) "Hey, Joe, how do you like this bank?"

Joe: "Fine . . . wouldn't mind having one like that myself."

Officer: "Okay . . . send us a thousand, and put the bank's name on it."

How do you rate this family as a prospect for your services?



- Young, growing family
- Parents in early thirties
- Rising income

A nation-wide survey made by Christmas Club a Corporation shows that Christmas Club members are concentrated in the young family group

Age Bracket	Proportion of Total Population In Age Bracket	Proportion of Christmas Club Membership In Age Bracket
Under 15 Years	29.4%	7.8%
15-24 "	13.3	11.0
25-34 "	14.6	21.3
35-44 "	13.9	25.3
45-54 "	11.5	18.0
55-64 "	8.8	10.9
Over 65 "	8.5	5.7
	<u>100.0</u>	<u>100.0</u>

These are the kind of folks who come into your place of business every week when you display the emblem of Christmas Club a Corporation.

Nearly half of all Christmas Club members (46.6%) are between the ages of 25 and 44, far in excess of the population ratio (28.5%) of this group. These are the people who need *all* your services—savings programs, loans, safe deposit boxes and financial advice. They are your best market today and in the years to come.

Why not get the full story on the business-building benefits of Christmas Club? A staff member of Christmas Club a Corporation will call at your request. There's no obligation, of course.



Christmas Club a Corporation

Founded by Herbert F. Rawll
230 PARK AVE., NEW YORK 17, N. Y.

**Builds Character • Builds Savings
Builds Business For Financial Institutions**

IF YOU NEED ACCURATE INFORMATION ON COLOMBIA

★ ★ ★ ★ ★

U. S. industry is joining the parade of Colombian expansion . . .

- ★ Where new U. S. manufacturing plants are being established to tap Colombia's abundant markets.
- ★ Where new wealth is being extracted from Colombia's rich soil.
- ★ Where new business is being stimulated by friendly foreign trade relations between the U. S. and Colombia.

All this means that more and more banks are looking long and carefully at Colombia's continuing development when seeking correspondent relations in Latin America.

The reliable and responsible commercial and financial information supplied by the Banco Comercial Antioqueño is supported by our 43 years' experience growing with Colombia, and the complete facilities of our 41 offices located in every important commercial market of the country.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — Bancoquia

Capital paid-up	\$21,269,887.50 — Pesos Colombian.
Legal reserves	\$21,591,898.60 — Pesos Colombian.
Other reserves	\$13,141,357.41 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenta (C), Barrancabermeja, Barranquilla (3), Buga, BOGOTA (7), Bucaramanga, Cali (3), Cartagena, Cartago, Cúcuta, El Banco, Girardot, Ibagué, Lórica, Magangué, Manizales, Medellín (4), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrío, San Gil, Santa Marta, Sincelajo, Socorro, Vélez (3)
New York Representative — Henry Ludeké, 40 Exchange Place, New York 5, N. Y.

(CONTINUED FROM PAGE 132)

gage loans and trust services are available, the possible returns from a prolonged campaign on either subject are decidedly limited.

Careful media selection is imperative to successful advertising, and, from experience, I am compelled to the opinion that too many advertisers lean toward media which they themselves enjoy reading or which their personal friends and customers sell. Indulging these sentimentalities can become very costly. First, it dissipates the available funds in media which bring very little ultimate return. Second, it belies the bank's reputation for the wise handling of money.

In the case of media of general circulation, the job of research is considerably minimized when you have access to *Standard Rate and Data*, where such publications as have been subjected to Audit Bureau of Circulation study are reported. Who the readers are and under what circumstances they subscribe are of ultimate consequence, for cost-per-thousand is important only when *your medium captures your potential customer at the crucial time:*

Outdoor Campaign

Our bank has a sizable outdoor advertising schedule. Presently our campaign involves the accessibility of our new bank building, our motor bank, and free parking facilities. The boards we have selected, therefore, all face traffic which is moving into the business area where traffic congestion and parking are major problems. When we develop a campaign on home improvement loans, we shall select boards facing traffic outgoing from the downtown area, because research shows that decisions affecting the home are most frequently made in the home itself. If it were to become the policy of our local outdoor advertising company to place a premium on this special selection, we would pay without a whimper—for what's the use of talking to somebody who isn't listening because he has other things on his mind?

Other Media

Learning to read and understand other-than-printed media reports is a little more complicated but well worth the time and effort. Graduation day comes when you are proficient in analyzing the facts in terms

Scudder
Stevens
& Clark



Prospectus on request:

10 Post Office Square
Boston 9, Massachusetts

300 Park Avenue
New York 22, New York

8 So. Michigan Avenue
Chicago 3, Illinois

Common Stock Fund, Inc.

of the extent to which a given medium's readers can be persuaded to react to *your* message.

Every bank necessarily does a degree of institutional advertising. It goes almost without saying that mass media are most effective for that purpose. It is vital that, when your bank's name is mentioned, nobody be honestly able to say, "Never heard of 'em"—that you be regarded with respect. But when it comes to your special department services, it is always well to take another look at available media. Frequently the one which requires the greater investment - per - unit - impact pays vastly increased dividends, because pinpointing eliminates waste expended on an audience which is unlikely to provide potential customers.

Infection by the research virus is one of the most delightful maladies one can contract. It can be expensive or inexpensive, depending on the time and/or money he can devote to it. It is full of surprises and is a continuous challenge, for the answers vary almost from day to day. And, once afflicted, no researcher compiles his information on one subject without inevitably finding floods of intriguing possibilities for more research. Further, the sense of security he derives from a bundle of cold, hard facts to support his recommendations is ineffable. The ultimate delight is that these cold, hard facts relieve him of a good deal of *thinking* in that, more often than not, their very incontrovertibility provides the answers to what should and should not be done with his advertising money. (TURN PAGE)

"Just remember: what you earn in five days, I have to make last seven!"

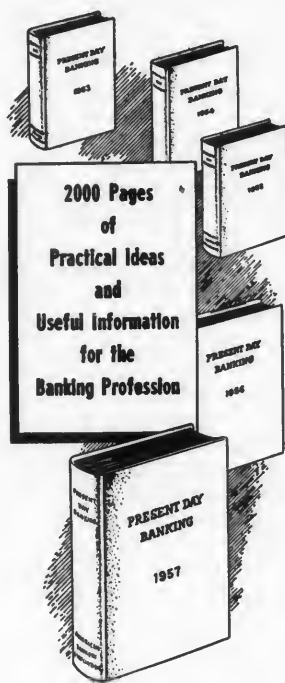


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Volumes are a condensation of these written by banker-students of The Graduate School of Banking and accepted for libraries of the American Bankers Association, Rutgers —The State University, and The Graduate School of Business Administration at Harvard University.

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You need send no money (unless you wish) when you order the books. Merely drop us a line on your bank's letterhead. We will ship you the book(s) together with our invoice. If you are not pleased in every way return them and the invoice within seven days and the charge will be canceled. If you decide to keep the book(s) send us your remittance any time within 30 days.

BANKING
AMERICAN BANKERS ASSOCIATION
12 EAST 36th ST., NEW YORK 16, N. Y.

My own advent into banking came by way of an advertising agency, as account executive for Houston Bank & Trust (deposits \$28,000,000). My increasing familiarity with the activities and problems of the bank made the transition to the post of advertising manager of the bank a smooth one. I shall be forever grateful for this sequence, for only in the agency atmosphere have I found people who *as a group* really believe in advertising. (Unfortunately, too many have been too busy defending their recommendations to be articulate on behalf of their profession. The current, if related, project of the Advertising Federation of America is educating U. S. business to the realization that "Advertising Doesn't Cost—IT PAYS!") I shall never know whether my own educational deficiencies in the field of finance are a boon to my advertising efforts or a drawback. I learn a little more each day—sometimes by direction, more frequently by osmosis—which leaves me, I like to think, perhaps better able to communicate with customers, there being little disparity in our respective degrees of ignorance.

.....
MONEY

- Some give it; some lend it.**
 - Some keep it; some spend it.**
 - Some spurn it; some crave it.**
 - Some waste it; some save it.**
 - Some scorn it; some choose it.**
 - Some find it; some lose it.**
 - Some hide it; some store it.**
 - Some loathe it; I'm for it.**
-

There are advantages to being more customer than banker.

Service advertising is a far cry from product advertising, and bank advertising differs widely from most other forms of service advertising. The housewife who decides to buy a new dress makes a dive for the newspaper to see who has what on sale. She religiously reads the supermarket weekend specials. When she needs someone to adjust her automatic washer, she either calls the store where she bought the ap-

pliance or looks in the classified phone book for the nearest repairman. Her need is immediate and her reaction direct.

Here is a pattern of action bankers tend to minimize. They regard—and rightly so—their services as vastly more important to long-range personal and economic welfare than garden variety service (e.g., the aforementioned repairman). A year or so ago, however, a motivation research report to the advertising industry expressed the tentative conclusion that, although continuously changing, product-buying follows more or less clearly established patterns while, to the average citizen, a service is *"only as vital as the circumstances OF THE GIVEN MOMENT."*

And therein lies the eternal obstacle to measurably effective bank advertising—the problem which must be wrestled with day in and day out with all the resources at our command. Frittering away these resources is inexcusable when research materials are always at hand in every bank to reduce the squandering of assets.

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Why does Foremost specialize in mobile home insurance exclusively?

For the same reason that one doctor will specialize in psychiatry, another in heart disease. It's the POSITIVE way to provide the greatest possible service for a specific problem . . . or a specialized field.

The mobile home industry itself is highly specialized, with requirements beyond the realm of conventional dwelling or standard vehicle insurance. To best understand and interpret the needs of this unique field, Foremost Insurance Company concentrates its

entire resources and efforts within the great and growing mobile home world. The resulting wealth of intimate knowledge and sound experience provides for you the most effective and efficient service of its kind:

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We hope you will write us for details about the many benefits of Foremost's exclusive BANK SERVICES DEPARTMENT . . . it's worth knowing about.



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 67 Barclay, N.E., Grand Rapids 3, Michigan

CURON

BY

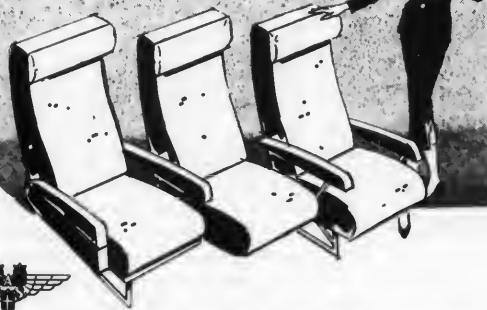
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CURON, manufactured at the Plastics Division, is the exclusive product of Curtiss-Wright in all formulations.

Application research groups are available for consultation. Address correspondence to:

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Write to factory for nearest dealer



METAL PRODUCTS ENGINEERING, INC.
4000 Long Beach Ave., Los Angeles 58, Calif.

Bank Automation

(CONTINUED FROM PAGE 57)
the application of electronic computers to instalment and mortgage loan applications?

(KOLB) "We are satisfied, first, that we are performing accounting and record-keeping functions for the applications installed cheaper than they could be performed either manually, or with conventional tabulating equipment, or with larger-scale electronic equipment. Whether we might find it desirable to go to large-scale equipment as more applications are developed is still not decided.

"We are also satisfied that we have reduced the error rate; this comes about primarily because of consolidation of many operations—each with a chance for personnel or machine error—into one machine pass.

"Third, we feel that we have gained immeasurably better control of these operations from the point of view of top management with its policy-making functions; and from the point of view of the auditor with his control function."

(WESTHOFF) "In connection with costs, I would merely like to state that we looked originally at the IBM 305 Ramac as a system to handle just our instalment banking application (50,000 accounts). Following closer study of the system and the job to be done, we found we would need just 30 discs of storage (out of 50) and 4 hours a day to process our instalment banking accounts.

"I can't tell you what I need it for, it's too personal!"



This means that we have 20 discs of storage and one-half a day available to use the system on other applications, either other loan applications or possible application in the area of deposit accounting."

What techniques will be used for internal control and auditing?

(STEELE) "To any auditor or comptroller who thinks solely in terms of present day methods, auditing and control of an electronic system must indeed seem to be a formidable, if not impossible, task. However, to the auditor or comptroller who will learn the basic principles of automation and electronic data processing, new revenues of testing, spot-checking and verifying will open up. Today, we have better methods of control with key-driven equipment and with punched card equipment than were available under manual methods of operation. The complete separation of data processing from entry origination which becomes absolute with the use of electronic equipment will bring the field of audit and control to a stage of perfection never before imagined or even dreamed of."

(KOLB) "Our chief auditor has authorized me to say that he feels that the audit function is better served by our central automated system than it was by the many systems in effect previously.

"It is also fair to say that the new system has changed the records or tools through which the auditors exercise their function, although it has not, of course, changed their basic purpose of insuring accuracy of records and proper application of all funds received."

"In our particular case, we have found it desirable to send members of the audit staff to programming schools, to train them in mechanized and computer systems' techniques, and to work very closely with them so far as audit features of the program are concerned."

How reliable are computers?

(BREWER) "It is usual to report the success or failure of a computer's availability for data processing in terms of certain percentages of good time or down time. In the period

(CONTINUED ON PAGE 140)

Willetta Branch, Valley National Bank
Phoenix, Arizona



*"LeFebure Equipment Used in Our
Post-N-File Plan Saves Us Space, Time,
and Reduces Operating Cost"*

In just 20 years, Arizona's 49-office Valley National Bank has progressed from 557th to 58th place in national standings. Always alert to new, efficient methods of operation, the Valley National Bank recently installed LeFebure Post-N-File Equipment in its modern Willetta Branch at Phoenix. In developing its Post-N-File Plan, Valley National worked closely with LeFebure Corporation, and uses LeFebure pockets, trays and housing throughout.

LeFebure Post-N-File Plan offers specific advantages that will eliminate check files . . . eliminate peak periods . . . reduce personnel by providing each bookkeeper with more

accounts . . . and reduce balancing time. Under this system, every item is paid by signature.

An advantage to many banks is the fact that Post-N-File can be put into effect without a large capital investment, because existing bookkeeping machines can usually be used.

In addition, Post-N-File offers the convenience of having all records pertaining to an account in ONE place.

Something good always happens when a banker and LeFebure get together! For ideas and improvements important to your future, get together with LeFebure.

John Fry
Assistant Comptroller
Valley National Bank



CORPORATION Cedar Rapids, Iowa
Representatives in Most Principal Cities

Take Another Look
at
Arizona Banking

ARIZONA BANK DEPOSITS 1956


FIRST NATIONAL BANK	ALL OTHER ARIZONA BANKS
Up 26.9%	Up 9.6%

Home Office
Phoenix, Arizona

FIRST NATIONAL BANK OF ARIZONA

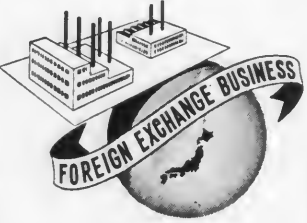
Now With 41 Offices
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(CONTINUED FROM PAGE 138)

while the computer was physically located with the Electronic Research Group, we experienced about 11% down time on the average. Examining this figure, we find that of the 11%—3% could be attributed to electronic failure and 8% to mechanical failure. Since the computer has been located in the Loan Division, i.e., since the first of the year, down time has run an average of 7%. Part of this reduction, no doubt, is due to a preventive maintenance program which the manufacturer instituted in January of 1957. . . . As of this moment, there would appear to be no reason why we would want to consider another computer to back this one up."

How important is memory size?

The memory capacity of a computer constitutes a well-defined limitation upon the kind of applications which can be performed.

(BREWER) "At this point, being greatly satisfied with the excellence of the computer product (Burroughs E-101 with magnetic drum memory of 100 words of 12 numeric digits each), we decided to expand our initial program to include distributions for statistical purposes and for various Federal Reserve reports.

"This proved to be an unwise decision . . . the memory size and the external pinboard program of this small-scale computer were inadequate for this ambitious job. . . . This matter of memory size is a subject that seems to be covered in every EDP handbook, but its true significance is overlooked until some first-hand experience in actually programming computers has been acquired."

(KOLB) "Thus far, we have been able to confine our programs to the 2,000 instruction steps available. However, we are approaching this limit as more and more refinements are built into the basic programs."

With electronic equipment, is it necessary to give up present-day printed records, such as ledger cards?

(KLINE) "We . . . still feel that a ledger card is necessary and due to the automatic features of the Remington Rand equipment (line finding interpreter) a ledger card for our savings and mortgages can be created as a part of our system. In this age of electronics and with the

changes that have taken place as a consequence of these electronic developments, it is nice to be able to hold onto one old-fashioned convenience, namely, the ledger card."

Should semiautomatic machines be installed now if a bank is large enough to justify large-scale equipment in the future?

(ROLOFF) ". . . it is now apparent to many that, though electronic automation is here to a limited extent, the day of push-button banking is still some years away . . . Thus, it seems imperative that all banks must automatize their clerical functions in stages or by degrees instead of awaiting what we think will be the ultimate in automation in the unpredictable future."

(STEELE) ". . . for those of you who are not quite ready for any of the electronic systems, the bookkeeping system known as the package proof, or pre-audit plan, should be investigated. This system provides some of the advantages claimed for the Postronic and Sensitronic machines.

"It will not do everything that the semiautomatics will do, but there is some indication, for the amount of money expended, that it is possible to get as much for your dollars as you do with either of the semiautomatic machines."

Will an EDP installation save money for your bank?

(ROHLF) ". . . I think it is safe to say, in most of the industrial installations, very little — relatively speaking — has been accomplished in expense reduction. However, most all companies report that the information now available to them has greatly improved management efficiency. Expense reduction does eventually come when the system has been pretty well organized and shaken down."

How do we select people to study EDP for our bank?

(STEELE) ". . . the challenge to a bank is to create a nucleus of experienced employees which will serve as a methods or electronic staff. In the larger banks, this electronic staff will probably be part of the methods or planning group. In the smaller banks, this nucleus will probably be composed of the operating officer and two or three of his chief assistants, spending only a portion of

their time on this job . . . it is easier to train people in the application of electronics than it is to teach them the infinite variety of policies which make up the operation of the modern bank . . . the best operating men or methods men in the bank must be secured for this program . . . it is essential that the individuals chosen be loyal to the bank . . . tests can also be used to select people for EDP work. However, they should be used with caution."

What is the challenge of automation?

(STEELE) ". . . the true challenge of automation is to approach the application of EDP systems to bank operations as a method which not only obsoletes many old ways of doing things, but which may also offer the opportunity to completely rethink the results of our work which have been considered necessary . . . Somewhere, somehow, the better minds in the nation's banks will turn their attention to developing en-

tirely new concepts for the traditional ways of doing things."

Filing Idea Wins Awards

A SIMPLE solution to a troublesome filing problem has paid \$100 in awards to Kenneth Sledd, manager of The Bank of Virginia's machine accounting department in Richmond.

His idea was that certain forms run on accounting machines be placed in binders with a clasp at the top of the form rather than on the left side. This arrangement eliminates the hand-performed task of separating the fanfold sheets, placing them in proper order, punching and filing.

Mr. Sledd's proposal was named the "suggestion" of the month and of the year. It will be reviewed at the end of another year for possible further cash awards.

In the past 12 months the bank has made 52 awards totaling \$662.50 to the staff.

Government Bonds

(CONTINUED FROM PAGE 62)

declined \$156,000,000. In two of the weeks there was no change whatever. In other weeks there were minor changes chiefly in relation to repurchase agreements.

This was in spite of the fact that the monetary factors tightened up as the month progressed. The float stayed high, averaging over \$1-billion for the month, but bank borrowings averaged over \$860,000,000. Even so, negative reserves averaged about \$425,000,000.

In spite of the better than 3% rate for Treasury bills, banks are clearly not overdoing their borrowings. Should they do so, a higher rediscount rate might be threatened.

Bank Loans Drop Slightly

By May 22 the total loans (adjusted) of the reporting member banks were \$526,000,000 less than on May 1, but commercial and agricultural loans accounted for only \$135,000,000 of the decline.

Security holdings also declined. Government holdings, at \$25,114,000,000 were down \$920,000,000. Only \$850,000,000 of Treasury bills were held.

Makeup of the Gross Debt

In the 12 months from April 30, 1956, to April 30, 1957, there were some interesting shifts in the makeup of the gross debt.

Over two-thirds of the decline in nonmarketable debt came from the redemption of Savings Bonds. Most of the balance was the result of the conversion of Treasury investment 2¾% bonds into 1½% notes, some of which matured during the year. The total of public debt declined about \$2,771,000,000.

But the special issues rose \$1,762,000,000, with the result that the interest bearing debt showed a decrease of a little over \$1-billion.

Dept Limit

At the end of May the debt "subject to limitation" was about \$274.5-billion. A decline during June was in order, as the TA bills ran off, but it seems that the Treasury will probably have to ask Congress again to raise the permissible debt limit above the \$275-billion to which it reverts on June 30, as the need for new cash in the second six months of this year may reach as much as \$5-billion or even more.



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Research in Automation and Electronics

ALBERT F. KENDALL

MR. KENDALL is comptroller and a member of the executive committee of The New York Savings Bank.

THIRTY-SIX savings banks, representative of many states, comprise the Savings Banks Research Group. Since these banks recognized that the cost of doing research in the field of automation and electronics would be high when done on an individual basis, they undertook a joint effort through the activities of a steering committee. The result was a more effective liaison between the banks and various manufacturers and consultants.

The outcome of these efforts took the form of demonstrations and talks conducted by the manufacturers and others before the officers of all the banks comprising the group.

Prior to these demonstrations, some of the manufacturers had their engineers and program specialists make field studies in certain banks selected from the group. Thus, the manufacturers acquired an intimate knowledge of the banks' data processing routines and acquired an understanding of the daily problems that are present in rendering banking services to the public.

Bank Size Range

The banks in the Group range in size down to a bank with assets of \$51,000,000. The only formal agreement which binds the banks together as a group is a simple document called the "Memorandum of Understanding," which recites the objectives and defines the conditions that affect matters of administration and expense. An executive committee consists of those constituting the officers plus two representatives elected by the member banks. The committee members are Robert F. Marchant, *chairman* (vice-president and treasurer of The Bank for Sav-

ings in the City of New York); John W. Larsen, *vice-chairman* (vice-president of The Bowery Savings Bank); Albert F. Kendall, *treasurer* (comptroller of The New York Savings Bank); Robert E. Fendrich, *secretary* (research officer of The Howard Savings Institution, Newark, New Jersey); Gerald J. Peffert (vice-president and comptroller of The Dime Savings Bank of Brooklyn, New York); and Edmond G. Murphy (vice-president and comptroller of The Lincoln Savings Bank of Brooklyn, New York).

Five Manufacturers Researched

Among the developments researched by the group were proposals from five prominent manufacturers of electronic computers and data processing equipment. In

order that these proposals could be evaluated from a technical and engineering point of view, the engineering research consulting firm of Arthur D. Little, Inc., was engaged to make studies of plans, specifications, and hardware and to develop feasibility studies. At the same time the group engaged the services of the accounting firm of Price, Waterhouse & Company to consider the same proposals and to evaluate them as to the practicalities, relative costs, audit trail, and other matters logically falling within the scope of such a study.

These two studies because of their common effort, if not objectives, were filed as a joint report and contained findings and conclusions as to pertinent matters as they stood in the latter part of 1956 and early 1957. The copies of these reports were made available to all members of the research group. The contents are not available at this time except to the member banks who are expected to take some additional time to digest the report and to carry out the tests and feasibility studies suggested.

Cautious Approach

There has been some hint that the conclusions made by the consultants have been unfavorable. This rumor should be stifled. However, it may be said that the reports suggest a very cautious approach before being committed to an electronic data processing program. It is obvious that the several banks which have contracted for installations have made appropriate and satisfactory studies of their own which have justified the decisions they have made. Thus, it becomes an individual bank decision after all factors are considered.

Preliminary Conclusions

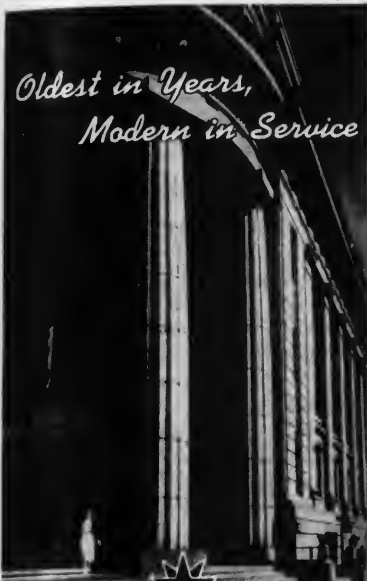
Some preliminary conclusions drawn by the majority of the participating banks merit some comment:

(1) The value to the banks of adoption of electronic data processing—the consequences of not adopting it—and, therefore, the price the banks are willing to pay, have not been determined, we believe, by very many banks. Much additional information is needed by many savings institutions before a firm basis can be established for undertaking a program. Standards of performance and



"And after you've rested up and gone back to work you'll have 12 convenient monthly payments to remind you of your glorious, sun-drenched vacation!"

*Oldest in Years,
Modern in Service*



EST. 1873

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the services which managements desire to provide are important factors because they will influence the final costs. Procedural analyses and attempts of evaluation of present and predictable future operations are essential steps.

(2) None of the systems researched by the group, whether "on-line" or "off-line" can be expected to bring about substantial reductions in cost for all banks. Justification may lie in other areas, of course.

(3) "On-line" electronic systems should provide the best means for improving customer service by reducing transaction time at tellers windows. It does not appear that any system provides a means for eliminating the causes of volume fluctuations. "On-line" systems are directly affected by this, hence, must be capable of providing peak load capacity at all times—a costly factor.

(4) "On-line" systems would appear to be the primary goal for the handling of savings accounts, with the facilities being utilized for mortgage accounting during the idle periods in savings operations. For this extra application, however, some additional peripheral equipment would have to be installed.

(5) There appear to be no compelling reasons to adopt "off-line" systems except on an interim basis. The choice should be influenced by the smoothness with which the equipment could be converted to an "on-line" operation and by the cost of such conversion.

(6) The use of an "off-line" system on a shared basis by more than one bank is a possibility in reducing individual bank costs, if the sharing banks will cooperate in staggering peak loads.

(7) Because of the comprehensive scope on "on-line" operations the consequences of even a rare malfunction may have a serious effect on customer service. In recognition of this, certain stand-by facilities must be tolerated. This tends to increase idle capacity costs.

(8) The control features of savings operations can be incorporated in both "on-line" or "off-line" systems. Many additional controls, probably, can be introduced. In addition these systems inherently provide greater accuracy than is obtainable by other means. The fact that at various points in electronic systems, records are maintained in

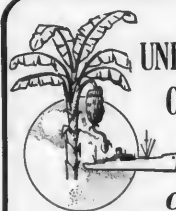
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232nd
Consecutive Quarterly Dividend

A dividend of seventy-five cents per share on the capital stock of this Company has been declared payable July 15, 1957, to shareholders of record June 7, 1957.

EMERY N. LEONARD
Secretary and Treasurer
Boston, Mass., May 20, 1957



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of experience*

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spondent banking service.

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nonvisible form does not appear to present problems from a control point of view. Procedures can be designed to meet the requirements for internal accounting controls, audit, and the needs of supervisory bodies.

Group Is Optimistic

The Savings Banks Research Group is optimistic about the ultimate adoption of electronic data processing. Its technical performance has been thoroughly explored. The speed of operation and the handling of great volume is expected to have beneficial results. The element of cost, however, is a factor in delaying immediate adoption of such a program. The fact that some of the predicted savings in cost may come by the adoption of routines and standard equipment presently in use by some banks may act somewhat as a deterrent to the near-term adoption of electronic computer and related data processing equipment.

Liaison Maintained with A.B.A. Group

The Savings Banks Research Group devoted itself to the problems of savings banks only. To that extent it has made an important contribution to the work of the Savings and Mortgage Division of the American Bankers Association with which it has maintained a close liaison.

That committee has reached all of the important manufacturers of data processing equipment that would affect, and be of interest to, all types of banking institutions throughout the country. It furnished a list of requirements to the manufacturers several years ago. The Savings Banks Research Group has received the benefit of this and in turn has made available to that committee much valuable data.

The Savings Banks Research Group concurs in the opinion of the American Bankers Association committee that banks generally should be doing preparatory work now to put themselves in a position to adopt electronic data processing systems within earliest time limits fixed by their preliminary studies. Now is the time for those banks who have not yet done so, to establish an effective methods program. Such an undertaking should have vitality and be in the hands of well-trained individuals who have imagination.

Commercial Bank Stocks Seen As Good Investments

THE outlook for banking in 1957 appears, on the whole, to be favorable with prospects for an increase in earnings, according to The First Boston Corporation in its eighth annual edition of *Data on Selected Commercial Bank Stocks*, recently published.

A large volume of loans on the books at prevailing interest rates should keep earnings at a high level through 1957, First Boston points out, while increased use of electronic equipment by the larger banks is tending to hold down certain operating costs, so that a larger portion of the gain in gross income may be brought down to net operating earnings. Dividend rates, the study says, represent a moderate proportion of net operating earnings, providing in many cases sufficient margin for further increases.

The rise in earnings and dividends during 1956, one of the best years in history for most banks, was accompanied by a gain of somewhat smaller proportions in market prices of bank stocks. As a result, the study says, prices now are more favorable on both a price-earnings and yield basis than they have been since early in 1954.

Loans at Higher Rate Produce Record Earnings

The large volume of loans at higher interest rates was the principal force producing the record level of net operating earnings last year, First Boston reports. Operating expenses also increased, but not as much as operating income. One of the major factors of increased expense was interest paid on savings deposits. Reflecting the general upward trend in interest rates and the competition for savings, many banks raised the rates paid on this type of deposit. Those banks having a large portion of their deposits in savings accounts naturally were the ones most affected. For New York City banks, savings represent a relatively small part of time deposits compared with banks in most other areas, and banks in New York are, therefore, less affected by changes in interest rates on such deposits, the study says.

First Boston's study, which contains 53 pages of data, has been compiled in the interest of bank stock investors, with particular attention given to those stocks which are legal investments for savings banks in Massachusetts. It contains statistical and other pertinent information on all of the banks, of which there are 35 whose stocks presently qualify as out-of-state bank stock investments for Massachusetts savings banks, as well as comparable data on Provident Tradesmen Bank and Trust Company, whose stock has just become legal; three other banks, including The First National Bank of Boston, which qualifies as an in-state investment; and three bank holding companies whose shares command a wide investor interest.

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News for Country Bankers

(CONTINUED FROM PAGE 102)

tensive program of cooperation between bankers, land-grant colleges, and the Institute. The Institute has offered its services to state bankers' associations for the preparation of programs designed to aid in conserving, replenishing, and increasing the fertility of the nation's soils.

During 1955-56 20 state bankers' associations, or their agricultural committees, in the following states entered into soil fertility programs

jointly with the National Plant Food Institute and the respective college of agriculture: Alabama, Arkansas, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Carolina, Ohio, Pennsylvania, Texas, and Utah.

1,502 Banks Contribute to National 4-H Program

OF the 1,800 individual donors contributing to the support of the National 4-H Club Foundation during 1956, there were 1,502 banks. The Foundation was organized in

1948 by the Cooperative Extension Service for the purpose of using private funds to help build a stronger 4-H program.

Jesse W. Tapp, chairman of the board, Bank of America N. T. & S. A., Los Angeles, is a member of the 4-H Builders' Council, representing the banking industry.

Farm-City Life Gap Narrows

SPEAKING before the Kentucky Agricultural Council in Lexington, Under Secretary of Agriculture True D. Morse stated that the flight of city people to the open country at an increasing rate is having a great impact on rural America.

"A new standard of living has spread rapidly over the nation in the past 20 years," he said. "The levels of living of farm and city people are more nearly alike now than they were in previous years. The gap will continue to narrow.

"Socially, also, the new look of the agricultural community is one of greater dependence on urban centers. More and more rural residents will be going to urban schools, churches, shopping centers, and to recreation and entertainment facilities."

Under Secretary Morse pointed out that small farm families "are diversifying and increasing their incomes with off-farm employment. Twenty years ago 11% of the farmers worked 100 days or more off their farms (whereas) now over 28% have such employment.

"Off-farm employment now produces \$1 of every \$3 of the net farm income. Statistically, it is larger than the farm income from the sale of any single commodity."

He concluded by remarking:

"The emerging new rural America requires that all of us adjust our programs so as to be of maximum service. It calls for action now."

Banks Mark Dairy Month

THE Minnesota banks were among those in many states which observed June Dairy Month. In sending a kit of materials to association members, MBA President A. G. Sirek, who was honored by being named 1957 June Dairy Month chairman, included a list of suggestions on how banks could cooperate.

Mr. Sirek is executive vice-president, State Bank of New Prague.

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The Board of Directors has declared the following quarterly dividends, payable July 1, 1957, to stockholders of record June 5, 1957:

- 45 cents a share on Common Stock.
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May 23, 1957 / North Chicago, Illinois

New Books

TAX PLANNING UNDER THE NEW REGULATIONS. The Journal of Taxation, Inc., New York. 194 pp. \$4.95. This volume comprises the complete texts of 14 papers prepared for the Third Annual Institute on Taxation conducted by the Texas Society of Certified Public Accountants at the University of Houston, in November, 1956. Each paper is an analysis of a particular tax problem with a view toward minimizing taxes.

STUDIES IN THE QUANTITY THEORY OF MONEY, Milton Friedman, editor. The University of Chicago Press, Chicago, 265 pp. \$5. This series of essays is the product of the Workshop in Money and Banking of the Economic Research Center of the University of Chicago. Chicago has traditionally been the center of the "quantity theorists," that is, economists who place emphasis on the quantity of money as the determinant of economic activity. The empirical studies presented in this book represent the first important step in rehabilitating the quantity theory. Evidence of the behavior of prices in relation to the stock of money is presented for various periods of time, for various countries, and for differing stages of the business cycle.

MONEY AND BANKING. By Charles L. Prather. Richard D. Irwin, Inc., Homewood, Ill. 650 pp. \$7.80. The sixth edition of a reference on theory and practice by the Professor of Banking and Finance, University of Texas.

PRINCIPLES OF MONEY AND BANKING. By Hiram L. Jome. Richard D. Irwin, Inc., Homewood, Ill. 622 pp. \$7.80. A college text by a member of the social and business economics faculty, Depauw University.

THE HISTORY OF MATHEMATICS. By Joseph E. Hofmann. Philosophical Library, New York. 132 pp. \$4.75. The growth of mathematical techniques from prehistoric to modern times.

THE UNITED NATIONS AND ECONOMIC AND SOCIAL CO-OPERATION. By Robert E. Asher, Walter M. Kotschnig, William Adams Brown, Jr.,

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● The Stock Market

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and Associates. Brookings Institution, Washington, D. C. 561 pp. \$2.50. A comprehensive appraisal of the UN's economic and social work. Emphasis is on the organization's contributions as a whole rather than on those of individual units.

STATISTICAL YEARBOOK, UNITED NATIONS. Columbia University Press, New York. 646 pp. \$7.50 cloth, \$6 paper. This is the eighth issue prepared by the UN Statistical Office. Statistics were submitted by 151 countries, including an increased

number of series from the USSR. Text in English and French.

YOUR FAMILY WITHOUT YOU. By *N. R. Caine*. Crown Publishers, New York. 222 pp. \$3.95. Information on planning and arranging your affairs to assure maximum protection for your family. Subjects covered: wills, tax savings, insurance, gifts, trusts, estate planning, and administration, social security.

A SHORT DICTIONARY OF MATHEMATICS. By *C. H. McDowell*. Philo-

sophical Library, New York. 63 pp. \$2.75. Terms used in algebra, arithmetic, geometry and trigonometry are explained.

THE OFFICE IN TRANSITION: MEETING THE PROBLEMS OF AUTOMATION. By *Esther R. Becker* and *Eugene F. Murphy*. Harper, New York. 190 pp. \$3.50. The authors' purpose is to show how to determine whether an office should be mechanized and to what degree; how to train new people and to handle human relations under automation; how to devise new systems that will provide faster figures and better data; etc. It does not cover all technical phases of automation in business.

THE AMERICAN ECONOMY. By *Alvin H. Hansen*. McGraw-Hill, New York. 199 pp. \$5. Mostly lectures given by the author, a Harvard professor, at the University of Chicago last year. Professor Hansen reviews economic events of the last generation and relates them to the policy issue of the recent past, today and tomorrow.

TECHNIQUE OF EXECUTIVE CONTROL. By *Erwin Haskell Schell*. McGraw-Hill Book Company, New York. 357 pp. \$5.50. Eighth edition of a work that is intended as a guide or manual to "executive straight thinking." It contains a new chapter, "Executive Self-development."

Pamphlets

ATOMIC ENERGY APPLICATIONS WITH REFERENCE TO UNDERDEVELOPED COUNTRIES. By *B. C. Netschert* and *S. H. Schurr*. The Johns Hopkins Press, Baltimore, 129 pp. \$2.

UNSECURED ADVANCES. By *L. C. Mather*. Institute of Bankers, London. 89 pp. 4 s. Gilbert Lectures on Banking, London King's College.

WHY WAGES RISE. By *F. A. Harper*. Foundation for Economic Education, Inc., Irvington, N. Y. 124 pp. \$1.50.

THE HISTORICAL DEVELOPMENT OF THE USE OF RATIOS IN FINANCIAL STATEMENT ANALYSIS TO 1933. By *Sister Isadore Brown*. Catholic University of America Press, Washington, D. C. 28 pp. 50 cents.

AN EVALUATION OF THE INTERNATIONAL MONETARY FUND. By *Raymond Casimir Jancauskas*. Catholic University of America Press, Washington, D. C. 29 pp. 50 cents.



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School Bank

(CONTINUED FROM PAGE 53)

bers up, and that's what it came to." Both mother and daughter were briefed on the passbook system.

The bank was born in an Indianapolis elementary school in 1928 as a class project in social studies. A shop class built a 4-window tellers' cage as another project, and soon students were operating the bank mostly for fun and to learn a little about banking procedures.

Ten years later I became the bank's sponsor and operated it as a mathematics class project. Continued interest on the part of the children kept the bank going strong and it expanded in scope. When World War II came along, the bank sold more than \$23,000 in savings stamps and bonds. A mass thrift movement drifted down to the children, and their pennies and nickels grew into dollars. Accounts during that period were the highest in history, with many children having well over \$100 on deposit.

Value to Community

The bank really began to hit its stride in 1953 when the Harry E. Wood High School first opened. Richard E. Emery, the new principal, knew what type of family backgrounds would be represented in the school and recognized the value a school bank could have for them. When he discovered I had been assigned to teach at Wood, he asked me to bring the bank with me.

After the elementary school consented to part with the bank, Mr. Emery mentioned it to William P. Flynn, president of the Indiana National Bank of Indianapolis.

Indiana National had, for many years, been active in business, industry, and education days and had realized the importance of teaching banking to the young people of Indianapolis, particularly in the area of the Harry E. Wood High School. Each year the bank has several of the Harry E. Wood classes in for a complete tour of the main office, as well as giving them illustrated talks regarding banking in general.

The student bank appealed to Indiana National officers immediately, and they asked to sponsor it. The high school enthusiastically accepted the offer.

Indiana National agreed to furnish all forms including regulation

checks printed on safety paper. The spacious board room of the Indianapolis bank was offered to the young directors for their board meetings, and the officers of both banks agreed to confer often about mutual problems.

Open 3 Days Weekly

Situated in a classroom, the bank is open three days a week for one hour. Four tellers and two bank messengers handle the operation. When the bank closes, the two messengers deliver the deposits, under adult supervision, a short distance away to the Indiana National Bank for deposit there.

Mathematics students in the 7th and 8th grades man the tellers' windows, and the bank officers (president, two vice-presidents, secretary, and two members selected from among the depositors) are all juniors and seniors. The depositors, called stockholders, meet annually to elect new officers.

All the accounts are checking accounts, but many students use them

for savings even though their deposits draw no interest.

Total deposits now run around \$500—a small amount until the financial condition of the depositors is considered. Then it suddenly takes on new meaning. Children who had seldom seen more than a dollar at a time now are holding deposits as large as 10 or 20 times that amount.

Parents who had never filled out a check or held a bank book see their children learning to save through the banking system.

Teachers notice their pupils glancing proudly at their bank books over and over again.

Source of Future Depositors

Indianapolis banks see future depositors and employees coming from an area where formerly few or none had come.

And all of them feel they have learned, some for the first time, the true meaning of the free enterprise system that is so much a part of our Nation.

Royal Bank Changes



John Scholes

Norman C. Allingham

Appointment of John Scholes as Chicago Correspondent is announced by The Royal Bank of Canada. He replaces Norman C. Allingham. Mr. Scholes has had extensive banking experience in Western Canada, in Toronto and in Montreal where he was Assistant Manager of the bank's main branch. He has been associated with Mr. Allingham in Chicago since 1955. Mr. Allingham has served the bank since 1911 in Canada, Central and South America and in New York, where he was Assistant Agent from 1930 to 1945. He has been the Royal Bank's Chicago Correspondent since 1945. For the time being he will be attached to the bank's New York Agency and will gradually relinquish his responsibilities pending retirement.

Pay Increases 30% for Kansas Bank Employees

Is banking really the low-pay profession that many people believe it to be? Not any longer, according to the results of the latest salary survey of the Kansas Bankers Association.

Survey results from 343 Kansas banks, which were released during the 1957 Bank Management Clinic on June 4-6, show that salary, bonus, and overtime payments to bank personnel rose by nearly a third in the four years, 1952-56. On top of that, estimates for 1957 indicate the bankers will be getting another 8%, making a 5-year total increase of some 38%.

These are some of the revealing

statistics that Kansas bankers considered as they took a long, hard look at the salary structures of their institutions during the 3-day clinic held on the University of Kansas campus.

Other facts brought out by the survey show that the gap between cost-of-banker-living in small towns and cities is narrowing, assuming that salary developments are indicative of living costs. Additional evidence revealed that many small town bankers find it possible to add substantially to their incomes through such activities as insurance writing, real estate commissions, etc.



"About that loan I applied for today—cancel it. I just had a windfall!"

BANKING'S ADVERTISERS

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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

Farm income continues at the same level, with Government help.

The number of loan refusals has shown no significant change. With available funds limited, banks follow a natural course in screening applications, so that customers who need money for nonspeculative purposes can get it. This applies to consumer as well as business loans.

The feeling among bankers generally is that interest rates will remain firm, but there is little expectation that current stringency will result in higher rates. On the contrary, one banker in Washington, D. C., for example, discerned a slight easing of mortgage money.

However, there is nothing yet apparent in the whole business outlook that would presage a change of policy on the part of the monetary authorities. There is considerable political and business pressure for easier money, but there is much feeling the other way, too, on the part of those who believe that inflation is our chief enemy and a tight rein on credit is our best weapon.

Monetary Policy

We hear a great deal about the built-in safeguards against depression, but our principal defenses against inflation are not built in. They are the judgment, common sense and courage of those in positions of authority over monetary policy. Ironically, the very confidence created by intelligent handling of our huge Government financing problems aggravated this problem by encouraging everyone to feel that our destinies were in competent hands, so full speed ahead. This created such heavy demands for credit that the Treasury found itself standing in line and rates rising.

In the background of current events are the ingredients of a conflict between the Administration and the Federal Reserve over monetary policy. For instance, the Government's fiscal prospects look poorer than the January estimates, so the maintenance of the \$275-billion debt ceiling will be difficult. Despite the highest interest rates offered since the early 1930s, the Treasury has had trouble refinancing.

All this might suggest the thought in political circles that if the Fed would just look the other way and let

reserves expand, Treasury problems would be less difficult.

Public Understanding

Erle Cocke, president of the American Bankers Association, is stressing the need for public understanding of these matters in many of his public utterances.

"There seems to be little general understanding," he says, "of the relationship of Government fiscal operations to other facets of the financial picture. For illustration, we are in the paradoxical situation where some people are arguing for curtailment of expenditures and a tax reduction, at the same time that they are severely criticizing the Federal Reserve System for its policy of monetary restraint.

"These people fail to realize that the most insidious tax is inflation, which destroys the purchasing power of the dollar."

Inventories

The mild inventory liquidation of the first part of the year was generally regarded as a good thing. In fact, any sudden resumption of accumulation would signal new inflationary pressures and would be interpreted as unfavorable. Inventories which seemed big a few months ago now seem normal because consumer and other spending has continued to increase. One reason commonly mentioned for the inventory decline has been the desire of industry to conserve funds for plant expansion.

Profits

One factor that worries quite a few observers is the failure of profits to keep up with volume in many fields. Railroads are one example. They feel they should have been able to spend more of their rate increases on modernization and cost-cutting equipment, but that rising wages and other costs skimmed much of the cream as fast as it appeared.

About half the leading industries at the first quarter reported less profits than last year, and there is no reason to expect this situation will improve in the remaining quarters, because the conditions causing the profit squeeze remain.

What continues to be conspicuously missing from the business picture is a definite trend or any factors capable of producing a trend. Whether the present period of high level stability is providing the basis for an advance or a decline is the question that usually brings discussion of the outlook to a dead-end.

There are those who expect the remaining months of 1957 will see a moderate downturn, and their reasoning starts with the tight money situation.

They say that Federal Reserve member bank reserves have increased only about \$200,000,000 in two years, and that is not enough to take care of normal expansion in the nation's economy. Wholesale prices have been almost stationary for a half year, and the next move could well be downward. With wages still edging upward, the profit squeeze could become more acute.

Thus, it is reasoned, the whole credit situation would ease and it would be time for the Federal Reserve to loosen the reins. Much depends on the demand for loans, and most bankers do not expect any substantial increase soon.

WILLIAM R. KUHN'S

Inflation's Progress

Price Indexes Expressed in U. S. Dollars
1953 = 100

	Wholesale Prices							
	1937	1948	1950	1951	1952	1954	1955	1956
United States	46	95	94	104	101	100	100	106 (Dec)
Canada	48	86	86	102	103	99	99	105 (Nov)
Latin America	50	95	92	101	102	102	99	103 (Oct)
Western European Countries	53	102	87	103	104	100	101	107 (Nov)
United Kingdom	58	96	80	97	100	101	104
Other Sterling Countries	56	101	81	94	99	100	101

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KING



Clear sailing for your bank, too

STAND BY TO SET SAIL! And this customer's bank has a fair wind ahead, too... in good public relations.

When your checks are printed on Hammermill Safety, the best-known name in paper reinforces your bank's good name. Every time a customer writes a check, the "Hammermill"

name is there to remind him that this detail of banking service gets your careful consideration, too. Reminds him that you're trying to give him the best in banking service.

What's more you take an important step to preserve your good name. The specially sensitized surface of

Hammermill Safety reveals the slightest attempt at alteration. Protects your good name as well as your money.

When you order checks, have them printed on Hammermill Safety. Ask your bank stationer or check printer for samples. Hammermill Safety costs no more than other safety papers.

Safety Paper Division
Hammermill Paper Company
ERIE, PENNSYLVANIA





INCREASED CHECKING ACCOUNT VOLUME is capably handled with ease and efficiency, thanks to this National Unit Plan Posting Machine.



W. D. McCORMACK, Cashier, Lake County State Bank.



ULTRA-MODERN SUBURBAN Lake County State Bank uses a 100% National System.



FASTER CUSTOMER SERVICE with National Class 41 and 42 Teller Machines has steadily enhanced good will for this bank.

"Our complete *National* System

pays for itself every 3 years...

returns 33% annually on our investment through savings!"

Lake County State Bank, East Gary, Indiana

"We have used a National 137 Unit Poster as a multiple-duty machine for some time," writes W. D. McCormack, Cashier of Lake County State Bank. "Because of greatly increased volume, we have continuously expanded our National System. Our records definitely show that this system pays for itself every three years. It returns 33% annually on our investment through savings!"

"We use one National 137 Unit Plan Poster, three National Tellers Machines, one 'Class 42' Combination Machine for savings and various loan accounts, and four National Adding Machines. The Unit Plan Poster saves many hours weekly

through ease in posting and balancing. Our Tellers Machines provide machine-printed receipts and deposit validation. Mechanized posting of savings, and various loan accounts on the '42' assure both the customer and ourselves of accurate, clearly printed, up-to-date records.

"Operator training is easy with National Machines. Our experience convinces us that they are a sound investment for any bank. We are proud to be 100% National users!"

W. D. McCormack

Cashier, Lake County State Bank

A modern National System in your bank will increase efficiency and lower operating costs. Nationals quickly pay for themselves through savings, then keep returning these savings as added annual profit. For full details, consult your nearby National representative today. He's listed in the yellow pages of your phone book.

National

THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio

989 OFFICES IN 94 COUNTRIES

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