

New breed of bankers 'sell' service to customers

By Robert Downie
staff writer

A VISIT TO your local bank used to be somewhat like a trip to an appliance store.

Plunking down your hard-earned pay for a new savings account could insure the promise of a new toaster, eggbeater, radio, or some other gizmo designed to lure the money out of your pocket and into the bank's cash flow fund.

Banks are still using the carrot-and-stick approach when it comes to luring customers, but the bait in the deregulated industry of the '80's is likely to be more sophisticated than a toaster. Bankers say that the new lures are also more profitable for the customer in terms of convenience and investment.

"Banks are going to change more in the next five years than in the past 50," predicts Robert Scott, senior vice president in charge of retail banking for Michigan National Bank of Detroit.

SCOTT SAID THAT the deregulation of banks in recent years in terms of interest rates, territories, and definitions of what constitutes a bank have led to an explosion in activity as banks try to sell themselves to the public.

"While banks weren't aggressive in sales in the past, they're going to have to start being aggressive to survive," he said.

For Michigan National, the new approach to banking has meant putting sales people out on the streets, pounding the pavement in search of new business customers. Recently, the bank trained 150 officers and managers in sales techniques in order to charge-up the new electronic banking offices which it is opening throughout the area.

*Where banks used to open the door

and wait for customers, we're going out and looking."

THE BANKING INDUSTRY divides business operations into two spheres of activity called retail and wholesale banking, Scott said. Retail banking is aimed at securing the investments of the average person, while wholesale banking pursues corporate accounts.

"With banks unregulated, like any other retailer, we're trying new tactics," he noted.

While many banks still offer items such as Corvair table settings to bring customers in, there is a heightened awareness of providing better investment options and services to the customer.

Standard Federal Savings, for instance, has an approach which combines interest incentives with the giveaway of telephones. The customer can buy 4-to-10-year savings certificates at rates up to 11.25 percent and receive the gift of a telephone to boot.

COMERICA BANK offers its customers The College Fund. Tony Spanke, a product representative with Comerica, said that the plan is designed to help customers save for their children's college education while sheltering their investment at the same time.

Spanke said that customers typically discuss one of four investment plans with a bank counselor, starting with how old the customer's child is and what sort of future college costs are expected.

Customers can then invest in one of seven savings certificate plans or in seven stock and bond funds. The tax on the investment is sheltered by placing the account in the name of the child, who has little or no tax obligations.

"It's a brand new type of account,"



GARY CASKEY/staff photographer

Due to the deregulation of the once-staid banking industry, bankers are now free to "sell" their services as never before. Direct mail, automatic tellers, electronic bank offices and salespeople pound-

ing the streets are among the new avenues banks are taking to secure investments.

Spanke said, adding that as yet, no other bank in the country has a program structured the same way.

CONVENIENCE in banking is another strategy being used to attract customers. Increasingly, automatic bank tellers and branch offices are opening in shopping centers and supermarkets to take advantage of the one-stop shopping concept.

Jim Barritt, manager of Michigan Savings and Loan, said that his association has four different branch offices in Meljor Thrifty Acres stores located in Troy, Canton Township, Battle Creek and Muskegon. At the Troy branch, Barritt said that 40,000 Meljor's customers pass his office each week.

"What we've found is that people who regularly shop at Meljor's prefer us over other banks," Barritt said. "If they're shopping and they find that

they're low on cash, they can just stop in."

While the shopping center concept has been popular with customers, Barritt noted that it has also created problems because of the expense of staying open the 97 hours per week that Meljor's operates. The association has had to cut back on its hours of operation. It is presently being acquired by Mutual Savings of Bay City, however, which reportedly intends to continue with the shopping center concept.

ONE WAY that banks beat salary expenses and serve customers at the same time is through the use of automatic tellers.

At Michigan National, vice president Scott noted that the bank has 700 such tellers in place across Michigan, making it the statewide leader in the use of the devices.

Michigan National is also pioneer-

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— Robert Scott
senior vice president—Michigan National Bank

ing the use of electronic banking offices. One such office, featuring two automatic tellers and safety deposit boxes, opened July 5 in Birmingham.

Each electronic bank has one employee on hand at all times to help customers open new accounts and operate the machines. Two bank officers are also assigned to go out and sell the bank's merits to the business community.

Recently, Michigan National received media attention when it announced a limited time offer of 13 percent interest on money market

savings accounts. There were claims that the bank was limiting the offer to privileged customers in Grosse Pointe Farms and Farmington.

Scott noted, however, that the bank has offered the 13 percent interest rate in several communities where electronic banks have opened. The 13 percent interest rate is just a sales gimmick like the appliances of y-gone days.

"Toasters and special rates are very similar products," he said. "They're both something to bring you in."

District put in money bind after pay demands are met

A "balanced" 1983-84 school budget, predicated on the assumption that more than \$1.1 million will be recovered through negotiations with employee groups, recently was adopted by the Walled Lake Board of Education.

"It is a balanced budget and one that conforms to the direction of the board, assuring and providing the continuation of the same programs and services as we had for 1982-83," Superintendent Don Sheldon said.

In addition to the same educational programs, the 1983-84 budget maintains the same teacher/student classroom ratios as in 1982-83, as the school board requested, Sheldon said.

But the district faces \$400,000 in projected tax losses due to decreased state equalized valuations, a \$700,000 budget shortfall from last year and a \$200,000 projected increase in utility costs for 1983-84. These losses, coupled with the board's directive to maintain all programs and staff, limiting options available to the administration for balancing the budget as required by state law, Sheldon said.

The option chosen by Sheldon and Assistant Superintendent for Business Russell Wright was a decrease of more than \$1 million in budgeted expenses for instruction — teachers' salaries.

CURRENTLY, the school board is bargaining with all 10 of the district's employee groups, including the 450-member Walled Lake Education Association (WLEA).

Spokeswoman for the WLEA, Karen Filar, had no comment on the budget adoption on June 28.

"The board has taken an honorable stand," said Trustee Patricia Jackman following the 5-1 approval of the 1983-84 budget, as presented by Sheldon.

But the lone dissenter in the vote, retiring Trustee Betty Campton, disagreed.

"I'm opposed to this budget," she said. "It is predicated on an assumption — I cannot agree with that." The budget, as presented, leaves no alternatives open should the "assumption" that teachers will concede more than \$1 million in salary cuts prove invalid, she said.

IN ADDITION to Jackman, Trustees Bonnie Venka, Merlin Reeds, Mario Tozzi and Robert Cooper voted in favor of the budget adoption. Board member Janet Callahan was absent.

The board recently approved retraction of layoff notices for 19 Walled Lake teachers. Only 8.5 teaching positions were eliminated because of declining enrollment.

The \$26.6-million budget will be funded by a 33.54-mill tax levy, the same rate as last year, Sheldon said. The debt retirement millage of 1.091 is raised slightly from last year, he added.

General-fund expenses in the 1983-84 budget include \$11.4 million for teaching salaries, compared with \$12.7 million last year.

Other expenses include \$188,540 for the school board and superintendent; \$1.1 million for principals and school secretaries; \$5.6 million for the business office, bus drivers, custodian and maintenance personnel; \$875,540 for counselors, social workers, playground and other student aides.

YMCA highlights

The Farmington Area YMCA provides a variety of activities for youth and adults in the community. Further information may be obtained by calling 553-4020 between 9 a.m. and 10:30 p.m. daily.

SUMMER CLASS REGISTRATION — Register for summer classes at the Farmington Area YMCA. Walk-in registration runs through Saturday, July 16, for classes beginning July 18.

FOX TROT RUN — Run with some of the world's best in the Farmington Area YMCA's summer run. Labeled by world class runners as one of the state's best runs, the Fox Trot has features a subdivision course. Date is Saturday, July 20.

JUNIOR JINK — For middle school students only, two weeks that run from July 11-22, (no weekends). Activities include floor hockey, swimming, softball, croquet, arcade games, crafts, movies, plus three field trips. It will be led by YMCA staff noted for their ability to work with middle school age youth. Bring a towel and bathing suit each day. Price of each field trip is included in the program. Field trips: a day at Boblo Island, the Waterford Wave Pool and a Tiger baseball game. Times are 1-5 p.m. Fee for members is \$45 and non-members \$51.

SUMMER FUN DAY CAMP — We still have a few spots left in our day camp for ages 7-12. Stop by or call for more information, 553-4020.

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