

progress



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progress

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HELLO DOLLARS!

Inspectors clerks, Russell Homewood and Ross Pomroy wheel in the new coins.

It is not often in his working life that a banker feels he is shaping history. But there was no doubt in any of our minds during the momentous days of the changeover from £ s. d. to dollars and cents that we were taking part in an experience that would never be repeated and which would furnish us with talking points for the rest of our days.

Fifty years from now, managers

in their retirement speech will recall proudly that back in '66 one of their first jobs in the bank was to play a part in the great conversion; and probably they will ceremoniously display a set of the kind of money we used back in the old days.

For the record, then, we have captured the sequence of events from the last day of £ s. d. to the first day of dollars and cents.

Doors closed for the last time in the £ s. d. era, inspectors clerks speed from branch to branch to pick up cheques and vouchers for clearing through H.O.C.S. as quickly as possible. At Preston North, Graeme Morgan is ready for couriers Ian Smith and Brian Lane.



H.O.C.S. girls work through the night to clear cheques and are still bright-eyed at midnight.

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Mechanisation staff also work night shift to post final £ s. d. transactions from centralised branches. Carol Boocock's job was to "prove in" the transactions via an accounting machine.



As well as doing the ledger conversion for centralised branches, the computer printed W.B. cards for each account. At Elizabeth Street, Wendy O'Dea and Jenny Chatterton file the cards.



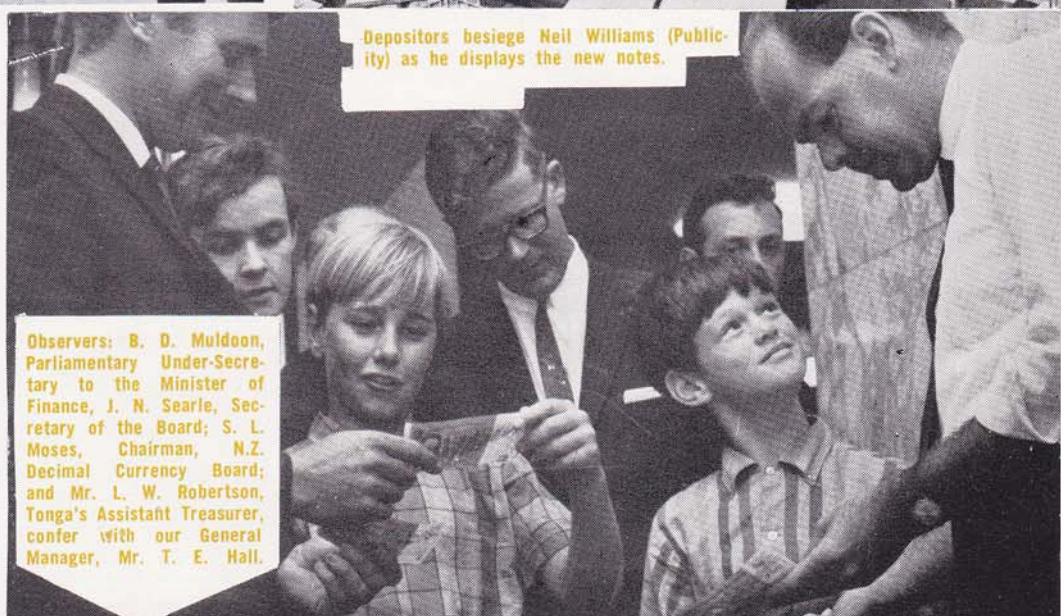
Casual dress is the order of the day during the close-down period. At Preston North, tellers Graeme Morgan and Ray Fullarton check their new cash.



8.10 a.m. on C-Day — business people, coin collectors and the plain curious line up for dollars and cents; teller Lay Chun is kept busy.



This elderly depositor appreciated advice from decimal hostess, Heather Manning.



Depositors besiege Neil Williams (Publicity) as he displays the new notes.

Observers: B. D. Muldoon, Parliamentary Under-Secretary to the Minister of Finance; J. N. Searle, Secretary of the Board; S. L. Moses, Chairman, N.Z. Decimal Currency Board; and Mr. L. W. Robertson, Tonga's Assistant Treasurer, confer with our General Manager, Mr. T. E. Hall.





● **MANAGER**, Mr. Ren Coombe, discusses a loan application with accountant Geoff Wright. With new estates continually being opened up around the town, Frankston branch gets a daily stream of C.F. and S.B. loan applications. In 1965 the Shire issued 2011 building permits for a value of \$9 million.

THE BOOMING SHIRE

Frankston in 1912, the year we opened a branch there, was described in the municipal directory as "a farming township on Port Phillip Bay, with quail, hares, rabbits and snipe abounding in the district." The population of Frankston township was then 792, and in all the Shire which sprawled over 83 square miles and included Hastings, Somerville and Tyabb, there were only 2460 residents.

Except for the periodic invasions of holiday-makers, Frankston remained a quiet little town until the end of World War II, by which time the Shire's population had increased slowly to 4400.

Now, 20 years later, although the area of the Shire has been cut back to 28 square miles, the population has soared past 37,000.

Of course, similar population explosions have occurred in many outer suburbs in the post war years, and the Bank has established branches in the wake of the suburban sprawl; but no other branch has experienced such a spectacular increase in business as Frankston. In fact, statistics for the last financial year show that only the two giants, Elizabeth Street and 45 Swanston Street, did appreciate more transactions than Frankston.

Curious to learn why this should be so, we spent a day in Frankston inspecting the business centre and the residential areas, and talking to members of our staff and local businessmen.

Manager Mr. Ren Coombe, shortly to retire, was our host for the day. Behind his genial personality, Ren has an analytical brain, and we listened carefully to his summary of present-day Frankston.

PRESTIGE AREA

"Frankston," he said, "reminds me of Ballarat which I call the Queen City of the provinces. I love both places. The people here are in many ways

very similar to the Ballarat folk. They are—what's the best way of putting it—pleasant people to know as friends and as business acquaintances. Easy to deal with, nice people to meet socially.

"The Frankston Shire has been determined to keep this a prestige area, and has succeeded. There are very few industries here, and the residents are mainly professional people who commute to Melbourne, executives, many of them with senior positions in the big industrial plants in Dandenong, Government officials, middle class workers and retired people. This is a very prosperous district."

The prosperity Ren referred to is obvious wherever one goes in Frankston; on Oliver's Hill, of course, and along the picturesque streets of contemporary houses behind the Hill, and in the new estates being opened up along the Hastings and Cranbourne Roads. But nowhere is it more evident than in the retail centre.

Nearly all the big city stores have branches in Frankston, and they are big branches, crammed with luxury goods. There is no end of smart boutiques, attractive art shops and pleasant coffee houses richly panelled and expensively decorated.

GATEWAY TO PENINSULA

Frankston is the gateway to the Mornington Peninsula and all day, every day, shoppers drive expensive cars from as far down the peninsula as Portsea and from the townships around Westernport Bay. Cannily aware of the importance of this car-borne trade, the Chamber of Commerce has persuaded the Shire to keep Frankston's broad streets free of parking meters. In the very heart of the retail centre, not a hundred yards from our branch, there is a paved area which provides free parking for 1000 cars; and work is under way for

another park to house 2000 cars less than 500 yards from the big stores.

This emphasis on Frankston's role as the retail centre of a huge area has had two main effects: to send land values in the business area skyrocketing, and to discourage the building of satellite shopping centres on the fringes of the Shire.

We had a yarn with Mr. Stan Rogers, a leading estate agent in the town, who told us that land in the main retail area was currently bringing \$2000 a foot. He said that some little time ago he had handled the sale of a property fronting Playne Street about 300 yards from our branch and just outside the golden half-mile that contains the big stores. An Italian had bought this land complete with house for \$600 in the thirties. Mr. Rogers arranged its sale to an oil company for \$40,000!

The second effect—the discouragement of satellite shopping areas—is the key to the extraordinary volume of business transacted at our Frankston branch and its attendant sub-branch by the station. This volume shows no sign of diminishing even though we have opened other branches in the Shire at Frankston, Foote Street, Frankston East and Seaford. Because of the excellent shopping facilities available in the town, and because the car-borne trade is so well catered for, it seems that Frankston branch will grow bigger than ever.

NEW BUILDING

Currently our staff is suffering the inconvenience that inevitably goes with rebuilding. Our premises are being doubled in size and when this reconstruction is completed we will be comfortably equipped to handle any volume of business.

We asked Ren Coombe how he and his staff were coping with existing conditions.

"I can't speak too highly of my staff," Ren said. "It has been a pleasure to make out their reports.

They are intelligent and co-operative, with a tremendous direction towards good public relations. They realise the value of good public relations, public and they do their job with the utmost good will.

"I am not breaking any confidence when I tell you that our district inspector expressed astonishment at the degree of staff co-operation and community spirit he observed here."

There are too many on the staff at Frankston for us to give you a pen picture of each of them, but from our own observations we can confirm Ren's appraisal of his team. All through the day we were there the Frankston staff handled a busy flow of transactions and enquiries efficiently and with the utmost cheerfulness and courtesy.

Frankston is one of our centralized branches and this, of course, has eliminated a great deal of routine ledger work. Mrs. Shirley Tobin, the young "veteran" of the staff, has been at the branch for eight years and recalls with a grimace the old days when all transactions were posted by hand and balance time was a headache.

But for all the wonders it can perform, electronics can never take the place of the human element in banking. From what we saw for ourselves and from what we were told by local people, our stocks are very high in Frankston. Despite intense competition—all banks are represented in the town—we are comfortably holding first place in the Frankston banking field.

● **ALL SPOKEN FOR.** These six senior girls at Frankston are all either married or engaged. From left they are Mrs. Pauline Scown (six years at the branch), Margot Smith (seven years), Agnes Lord (five years), Mrs. Shirley Tobin (eight years), Mrs. Jenny Hall (five years) and Jean Cunningham (six years).



A BRIDGE TO SUCCESS

The humane side of banking

Every year the bank records in its financial statements the return it received from all its investments—all, that is, except one.

There is one investment which the Bank has been making for 28 years; which bears no rate of interest and offers no hope of capital gain. And yet the Bank is so delighted with this investment that from an initial subscription of \$300 in 1939, it has increased its annual contribution to \$12,000 and its total, non-recoverable outlay is now over \$130,000.

This is an investment, not in stock or debentures, but in people, made through the bursary trust which was established by the commissioners on December 22, 1938. Since then, the Bank has assisted 1107 student depositors, few of whom could otherwise have made the crossing, to bridge the gap between intermediate standard and tertiary education.

All other things being equal, the three trustees who administer the bursary funds use the criterion of parents' circumstances to select the bursars from the applicants. "All other things being equal" implies that the successful applicants will have completed their intermediate or leaving studies to a satisfactory standard.

It is a sobering experience for anybody given to self-pity to examine the supporting documents which accompany the applications. They tell the stories of women, still quite young, who have been left widows with a family to sustain; of homes broken, sometimes by an errant wife, sometimes by a selfish husband, with children as the innocent victims; and of clergymen and their wives, people of high standard of education themselves who give their lives to helping others in return for an income which bears no relation to their standing in the community.

JUDGEMENT

It takes a nice judgement to select the successful bursars; there were 357 applicants this year for the 81 new bursaries and 53 extensions of existing bursaries.

The men who now make the decisions are: Mr. W. L. Moss, a Commissioner of the Bank and Chairman of the Bursary Trustees; Emeritus Professor G. S. Browne, widely known for his services to education and a Trustee since the Trust was first established; and Mr. F. H. Brooks, Director of Education in Victoria.

As you can imagine, the clerical work involved in sending out and receiving application forms,

sifting the applicants and advising them of the granting or otherwise of their bursaries is quite considerable, and this secretarial work has always been carried out by a member of the Bank's staff. Former secretaries to the trustees have included Mr. D. N. P. Kelly, Chief Inspector; Mr. E. M. Beattie, Personal Loans Officer; and Mr. J. B. Dickson, Accountant, Chadstone. The present Secretary is Mr. L. M. Quill, School Bank Section.

The judgement of the Trustees has been borne out in the most satisfactory way by the achievements through the years of the bursars, who are encouraged to pass on to the Trustees news of their progress during the years of study and in later life. Very often, too, the parents of the bursars write to report their children's progress.

REMARKABLE

Here is an extract from a letter written on January 29 last year by the mother of a remarkable family. She is a remarkable woman herself. She obtained her B.A. degree at the University of Melbourne, and spent some years as a missionary for the Presbyterian Church. She married a Wimmera market gardener whose small property has never yielded a lucrative income. They have six children, and the eldest four have received S.S.B. bursaries. She wrote:

"Elizabeth has passed all her leaving subjects—she has been accepted at Geelong Hospital to begin training. Arthur passed first year M.Sc. with first class honours—Donald was Dux of third year Dental Science (four second class honours)—Margaret is just beginning her third year training at Wimmera Base Hospital . . ."

This extraordinary family record is by no means unique among the Bank's bursars. There is, for example, the family of a suburban Methodist minister, three of whose five children have received bursaries. Two of them are twins, one of whom is now a teacher, and the other a Bachelor of Architecture. Their brother is a Bachelor of Education.

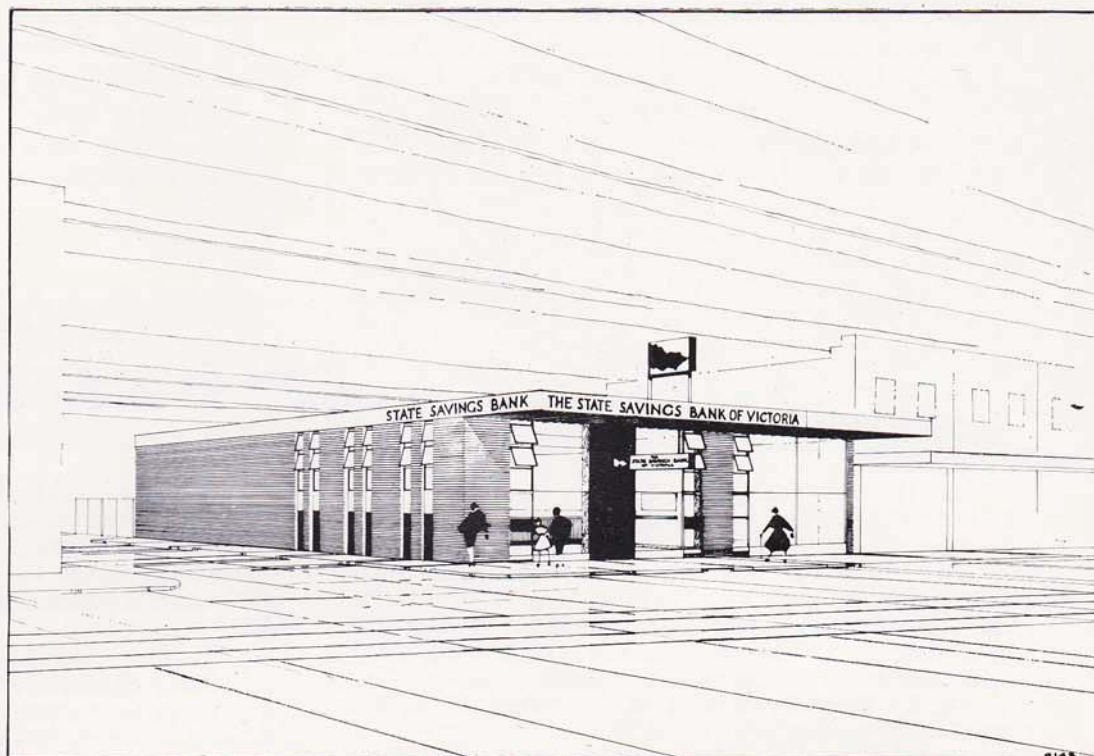
Putting it statistically, 14 per cent of bursars have obtained or are studying for University degrees; 28 per cent have obtained or are studying for diplomas at technical, pharmacy or teaching colleges; and nearly all of the remaining 58 per cent have completed matriculation or leaving studies or their technical college equivalent.

Truely, the Bank's bursaries have been a bridge to success.

PRAHRAN EAST

The wreckers are in at our old Prahran East branch, so the staff have moved lock, stock and barrel into new shop premises which the Bank has built on the vacant land adjoining the branch. When the dust settles the handsome premises shown here will be erected on the site. The new bank will be of brick and concrete construction with an insulated timber and steel deck roof. Externally the branch will feature grey bricks, aluminium windows and doors and panels of glass ceramic tiles. Internally it will provide much improved conditions for public access, banking facilities and staff amenities.

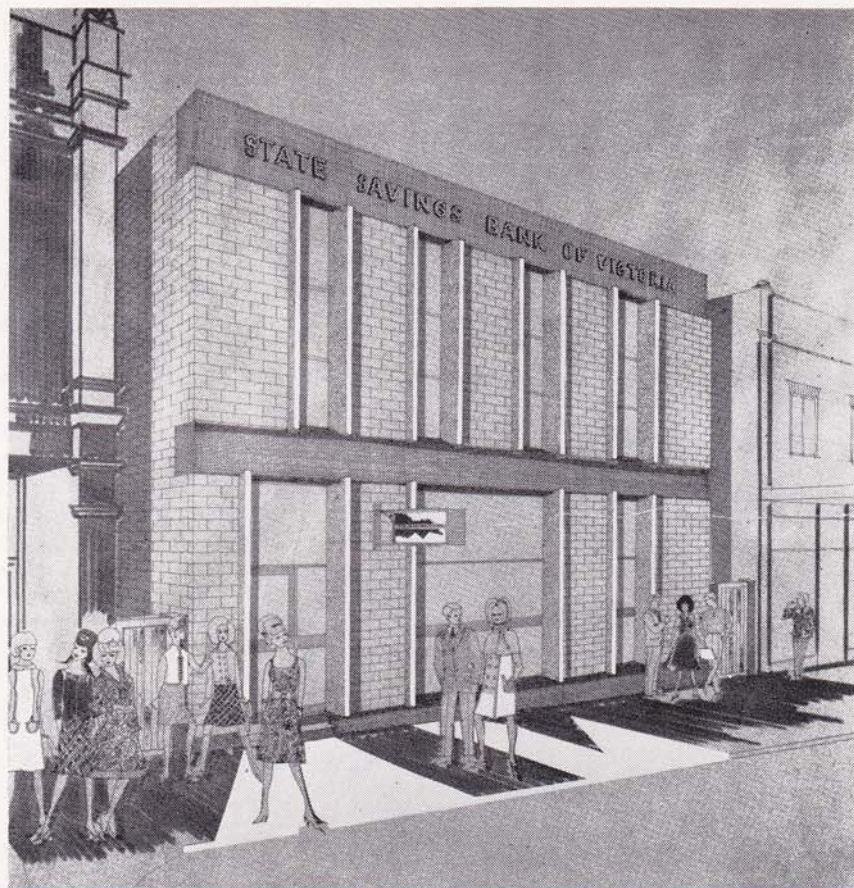
Project Architects: Godfrey & Spowers, Hughes, Mewton & Lobb.



AUBURN

Auburn branch is well on the way to presenting a new face to the world. The old red brick facade has been demolished to make way for one in dark brown brickwork, broken by three horizontal strips of white mosaic tiles. The new aluminium windows will be fitted with grey smoked glass surrounded with aggregate finished concrete fins. The greatest change, however, will be in the interior, where both the public and office space have been made much larger. The new fittings will be of polished teak and the main counter will feature three art panels of hand moulded bronze by the well known Melbourne artist Rein Slagmolen. The alterations are due for completion in May.

Project Architects: Noad & Millott.



Progress in Premises

ARCHITECTS: CHIEF ARCHITECT, THE STATE SAVINGS BANK OF VICTORIA

Last month the Trustee Savings Bank of New Zealand held their annual conference in Christchurch. The manager of our public relations and advertising department, Mr. Trevor Craddock, was invited to be the guest speaker at the conference, which was attended by the general

manager and three trustees of each Bank. Later, Mr. Craddock visited a number of trustee banks and advised them on individual public relations, advertising and business promotion problems. He brought back the following impressions of savings banking in New Zealand.

Savings Banking In N

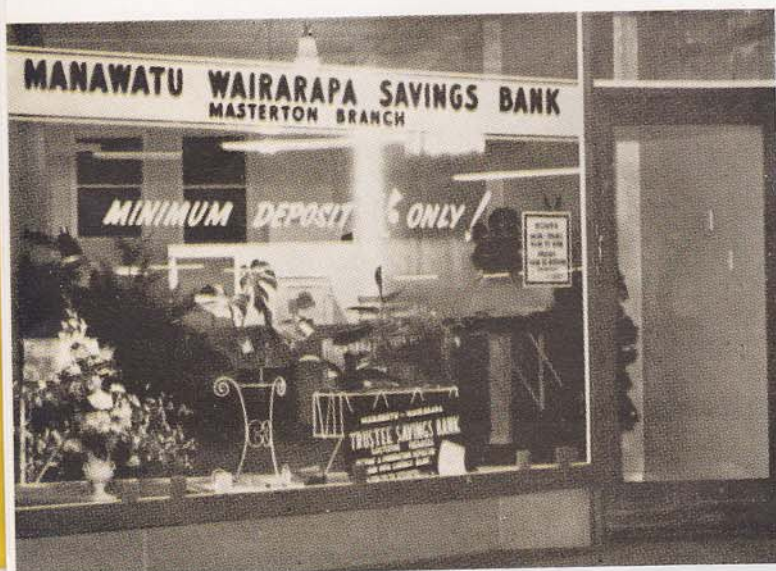
The structure of savings banking in New Zealand is very different from what we know in Australia. To me the most incongruous aspect of the N.Z. structure is the dominant position of the Post Office Savings Bank. Until two years ago, the P.O.S.B. was the only savings institution operating throughout both islands of the Dominion. I found that many New Zealanders shared my opinion that a Post Office, by the very nature of its functions, is not capable of giving the over-the-counter service to which bank depositors are entitled.

It seems obvious that the New Zealand Government entrenched the P.O.S.B. in its privileged position because the Government retains firm control of the bank's funds and profits. In this regard, as it has done in so many ways, the New Zealand Government has followed the English pattern. The P.O.S.B. does not make housing loans directly to individuals, but it finances the State Advances Authority which is the major source of housing loans in New Zealand.

Restricted

The Trustee Savings Bank movement has existed in New Zealand since 1847, the year in which

● **FACED** with the need to open as many branches in as short a time as possible, the new Trustee Banks are acquiring shop front premises like this suburban branch of the Manawatu Wairarapa Bank.



the Auckland Savings Bank was established. In the next 20 years, four other Trustee Savings Banks were opened, one in the North Island at New Plymouth, and three in the South—at Dunedin, Hokitika and Invercargill which is right at the foot of the South Island.

Legislation restricted the operation of these banks to within 25 miles of their head office, so that the P.O.S.B. had no opposition whatever in many parts of New Zealand, not even in the capital city of Wellington or in Christchurch, the lovely "cathedral city of the plains."

Since 1959, the Government has permitted eight new Trustee Savings Banks to be opened, and allowed the old-established banks to extend their field of operations so that Trustee bank facilities are now available throughout both islands.

Policy Change

This liberal change in the Government's attitude to the Trustee movement was very much a case of giving with one hand and taking away with the other. The change was the direct result of the Government's decision to allow the private trading banks to enter the savings bank market. Obviously the Trustee banks would have faced a hopeless task to meet this new competition if they had been confined to their original few places of representation.

Even so, they will have a very hard fight on their hands to obtain and retain any considerable slice of the market. This particularly applies to the eight new Trustee banks. Except for the Wellington Savings Bank, which has been exposed to the full fury of competition since it opened in 1964, the new Trustee banks have been given a period of three years to "dig in" before the trading savings banks are allowed to compete with them.

At first glance it may appear that this indemnity offers the new Trustee banks the chance to build a solid wall to protect themselves, but—to extend the metaphor—the mortar binding the bricks is likely to crumble.

The new Trustee banks are severely hampered by Government restrictions. They are obliged to invest

ew Zealand

in Government stocks, 90% of the first million pounds of depositors' funds and 50% of the balance over a million. This makes it very difficult for them to finance the building of a branch system before they have to face up to the trading savings banks which can look to their affluent parent companies for capital funds.

The Wellington District Savings Bank is having a particularly hard task in its formative years. As I said above, it has had to face the competition of the trading banks since it was established in September 1964. It has three branches with its main office occupying premises that have a frontage of only 10 feet to Wellington's main street and little depth. Although depositors' funds in this branch have built up towards a million pounds, it is now threatened with strangulation. Land values in the main street are extremely high, and the Government will not permit the bank to borrow sufficient money to acquire the only suitable premises in the vicinity.

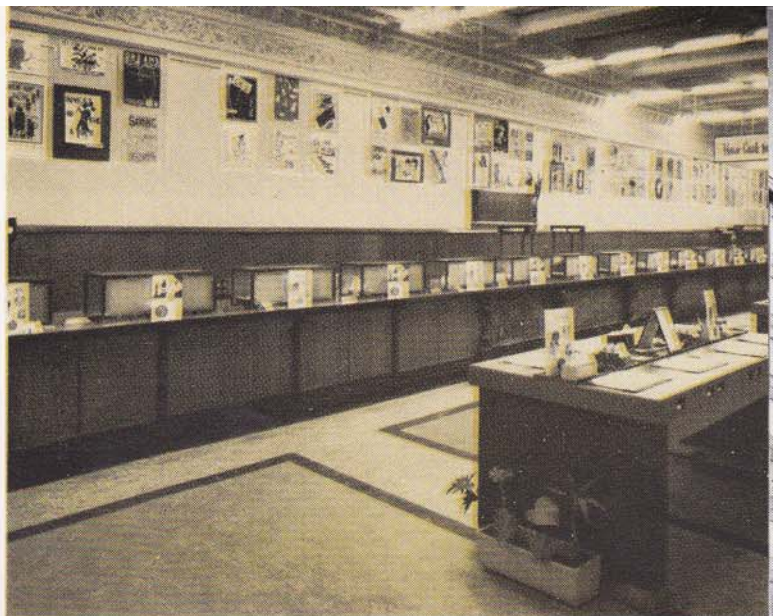
The Trustee banks are subject to other irksome restrictions. They are not permitted to accept "company money" on deposit — that is money from business houses. The maximum amount on which they can pay interest is £2,000. And all their attempts to obtain cheque account facilities have so far failed. The only Trustee savings bank in New Zealand which is empowered to offer cheque account facilities is the Southland Bank at Invercargill which received this authority many years ago. Surprisingly, the Southland Bank has found it profitable to allow interest on all cheque accounts deposits.

Young G.M.s

It can be appreciated that the task of building the infant savings banks to healthy adults will require a great deal of care and effort.

Most of the eight new Trustee banks have recruited their general managers from the Auckland Savings Bank, the pace-setter and the giant of N.Z. Trustee banks. The A.S.B. has 50 branches and more than \$70 million in deposits—nearly as much as the combined funds of the other 12 Trustee banks.

These new general managers are ambitious young men in their thirties, who are prepared to work



● THE INTERIOR of the main branch of the Auckland Savings Bank — the "giant" of the N.Z. Trustee banks.

long hours and to carry out personally many functions that would be delegated in bigger organisations.

One of the new general managers admitted to me that his salary was only £N.Z. 1,850 and I believe that few, if any, of the "new boys" receive more than £N.Z. 2,500. Their immediate rewards are less tangible than money—satisfaction in a job well done, and prestige. But, of course, they look forward to a more fitting salary when their banks become firmly established. It is a natural corollary to the general managers' youth that many branch managers are well under 30. The Trustees, like our Commissioners, are appointed by the Government.

Parochial Appeal

The best weapon in the armoury of the Trustee banks is their parochial appeal. Because each bank is confined to one small region, it can truthfully claim that it lives in that region, invests funds in community enterprises, and is entitled to local support. The profits of the Trustee banks are subject to a severe 50% tax, but the banks can make donations to local charities, which strengthens their parochial appeal. On the other hand, it also raises the problem of deciding which charities should be supported, and to what extent.

Publicity

Because most of them are very small, the Trustee banks cannot produce individual advertising and public relations material which will bear comparison with the output of the huge trading savings banks. The sensible answer the Trustee banks have adopted is the development of a close association between themselves. They believe that "togetherness" will overcome many of their problems.

And banking aside, what sort of country is New Zealand? It is almost incredibly beautiful. The terrain has grandeur and magnificence which are quite unforgettable. I warmly recommend it as a tourists' paradise.



amenities centre

Pictured here in the course of construction is the pavilion which the Commissioners are having erected at No. 4 oval, Albert Park, for use of the staff as a sporting, recreation and conference centre. The pavilion measures 46' x 29' and contains two shower rooms, umpires' room, utility room in addition to the club room which can be divided in two by folding doors.

There is also an elevated box for scorers. The pavilion is an attractive building well ventilated through open Besser screen blocks at the rear and with good natural light coming through the row of windows along the front wall. Oval No. 4 is fenced all round and has a very good playing surface for football and cricket. First tenant of the amenities centre is the football club

which will use the ground for training and home matches. It is hoped that the Bank cricket club will be revived and use the ground next season, and that the central location and congenial club atmosphere of the amenities centre will help to overcome the recruiting difficulties which have hampered Bank teams in recent years.

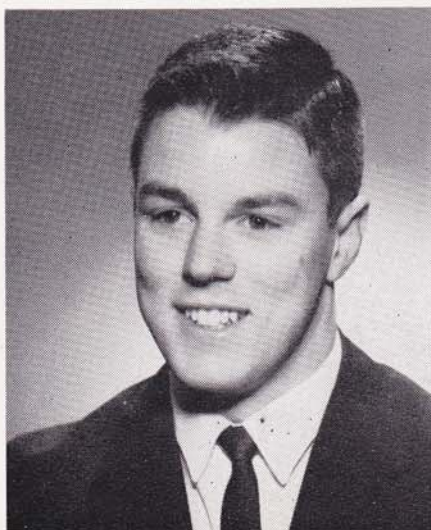
GOOD RESULTS

Last year, eight members of the staff were doing full-time university courses as bursary students. They all did well, as the table of results (right) indicates.

In addition to the results shown, Michael Scorgie obtained one first and one second place, John Ewart one first and one second, John Swale one first.

Pictured below are (left to right), Messrs. J. M. Swale, J. E. Economou and R. G. Reed.

UNIVERSITY OF MELBOURNE				
Student	Course	Subjects Passed	Remarks	
J. E. Economou	Commerce	4	Qualified B. Com.	
J. D. Ewart	Commerce	4 (all Honours)	Completed 1st Year	
Miss R. E. Goldsmith	Science	4 (1 Honour)	Completed 1st Year	
M. E. Scorgie	Commerce	2 (both Honours)	Qualified B. Com. (Hon.)	
J. M. Swale	Applied Science	3 (2 Honours)	Qualified B. App. Sc.	
MONASH UNIVERSITY				
R. G. Reed	Economics	3 (1 Credit)	Qualified B. Ec.	
P. J. Rodda	Economics	3	9 Subjects completed	
J. E. Weatherill	Economics	4	8 Subjects completed	



Grapevine

The handsome, 11-storey building (pictured right), situated on the north-west corner of Queen Street and Flinders Lane, was purchased by the Bank last December for \$700,000. The main object behind its purchase was to enable our present Queen Street branch to move out of its basement premises into the light of day. The building,

formerly owned by the Northern Assurance Company Limited, is now being leased by them pending the erection of their new premises. Possession is expected late this year or early in the new year and we will probably occupy the ground floor and basement and lease the remainder of the building.

VISIT TO ROYALTY

A few days before C-Day, Mr. Ray Wake, Officer-in-charge, and David Browne, both from School Banks section, did what they had done many times in the preceding months — visited a school to give an illustrated talk on decimal currency. Never before, however, had they encountered such a distinguished audience. The school was Timbertop and an interested listener to the lecture was Prince Charles. Ray and David met the Prince informally and found him friendly, relaxed and unassuming. The visit to Timbertop resulted from David Browne's friendship with Mr. Michael Hanley, the master in charge, a friendship that was formed when David lived in Mansfield.

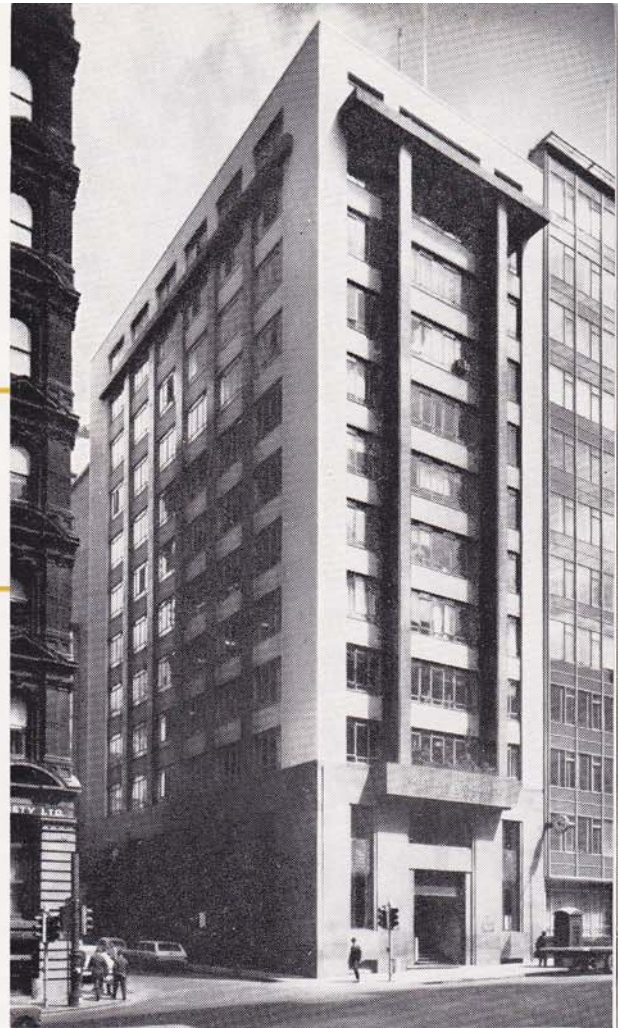


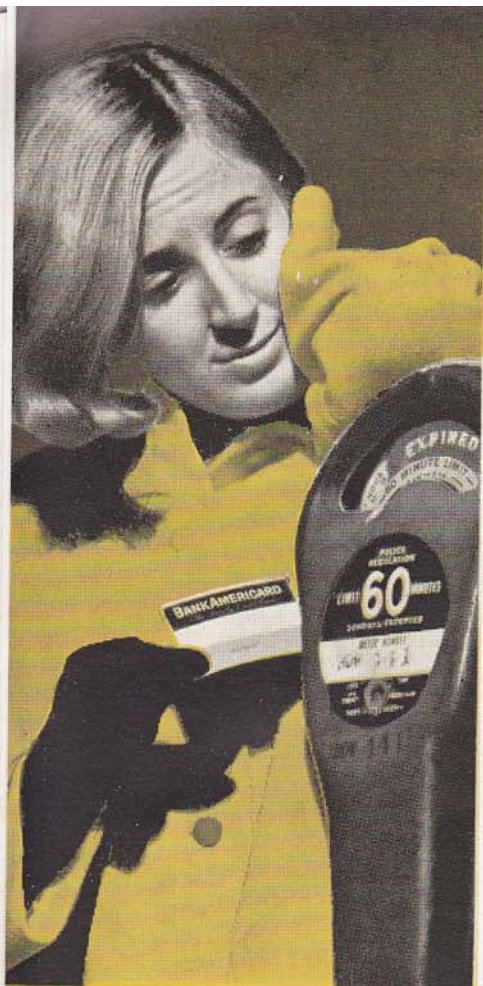
The Advisory Panel receives many suggestions of such apparent merit that their adoption would seem a foregone conclusion. Sometimes, however, deeper probing reveals difficulties unknown to the officer making the suggestion. One such recent idea was a proposal to save postage by sending Gas and Fuel and metropolitan S.E.C. account collections to Head Office. The Panel decided that an additional two large bundles of schedules and dockets from each branch could be "the straw to break the camel's back." It was also necessary to consider the convenience of G. & F. and S.E.C. which would not have received the re-directed vouchers until late in the morning. At present these authorities have staff working from 8 a.m. to collect and sort their mail in readiness for the employees who begin work at 9 a.m. For these reasons, the Panel was obliged to reject what appeared to be a logical and rewarding suggestion.

GOOD IDEA — BUT!

At the party given in Head Office cafeteria to the students who received this year's Bank bursaries, Mr. W. L. Moss, Chairman of the Bursary Trustees, made friends with two-year-old Peter Budzienny (pictured right) brother of Richard, a student of Chanel College, Geelong. Young Peter did not know what the party was all about, but he thought

it was a beaut idea. There were 46 students, many from distant country centres, and quite a large number of parents at the party during which Mr. Moss and Emeritus Professor G. S. Browne, one of the Bursary Trustees, presented the students with the cheques for the first instalment of their bursaries (See Bridge To Success, Page 6).





● THIS girl was set the task of living for a month without spending a cent in cash. Her credit card bought all her needs —except time on a parking meter.

BIG PROFITS FROM CREDIT CARDS

Some time ago, a cartoon in the New Yorker magazine depicted a worried diner asking the manager of a restaurant "Do you accept cash?"

The point of the jest was that the tremendous growth of the credit card business in the U.S.A. has made the proffering of cash, if not altogether vulgar, at least an indication that one's credit rating may not be high enough to gain possession of a credit card.

Except for the Diners' Club, established in 1950 and the pioneer of the business, all the big credit card firms in the U.S.A. are owned by banks, or at least number a bank among their major shareholders. And in the past year, more and more American banks have been helping themselves to a share of the have-it-now, pay-later, business.

American Express of New York City is the giant of the industry with 1,400,000 members who used their credit cards to buy goods worth \$344 million during 1965. Next bank in the field is the Bank of America with 1,300,000 members and annual billings of \$145 million, all in California.

The ubiquitous First National City Bank of New York with offices in 56 countries including Australia — a Sydney office was opened last February — is seeking to enter the credit card business by acquiring a 50 per cent interest in Hilton Hotels' Carte Blanche corporation.

It is not only the biggest American banks which can see profits in credit cards. Several middling sized banks run their own schemes including Citizens and Southern National Bank, Atlanta, Georgia (200,000 cards); Honolulu's Bank of Hawaii (75,000) and the Marine Midland Corporation, New York (250,000).

Barclay's come in

The biggest news in the Credit Card business is the decision of England's largest bank, Barclay's, to come into the field.

So far the people of the United Kingdom have shown little interest in the existing credit card companies, but there will almost certainly be a change of outlook now that Barclay's will throw its impressive weight into advertising and promoting its own scheme.

Lombard, well-known writer of the London "Financial Times", does not regard this anticipated spread of the card system as an unmixed blessing for British business houses. He writes:

"But how is it going to look to the business community bearing in mind that, following the practice of existing card systems, Barclay's will rely for its operational expenses and for the bank's profit on the participation charges to be levied on the 40,000 to 50,000 business concerns who are being offered the 'privilege' of joining in as suppliers of goods and services?"

Lombard points out that the business houses will have to pay an entrance fee of between £5 and £15 but, more importantly, they will have to surrender to the bank 3% to 5% of the sale price of the goods and services purchased by card holders; which, in effect, means something like 20% off their net earnings.

To off-set this reduction of net profits, the stores receive cash from the banks as soon as they submit their sales dockets. This allows them to reduce or eliminate bank overdrafts at 6½% or 7%, which they would need to "carry" customers who buy on time payment.

Of course no business house is obliged to join the scheme, but to stay out is to run the risk of losing customers to a rival who does accept the cards. Business houses in England found themselves subject to the same pressure when the trading stamp companies launched their enrolment campaign.

Barclay's maintain, as the American banks do in their sales talk to business houses, that participation in the scheme means an increase in store trade which more than compensates for the surrender of a fifth of their profits. This may well be true, but unless the holders of credit cards spend considerably more than they did before, the participating business houses can only increase their trade at their rival's expense. Somebody has to be hurt.

Barclay's do not intend to levy the card holders any fees or charges, which certainly makes their scheme attractive to the general public. The American banks charge card holders an annual membership fee which averages \$10, and a service charge of 1% to 1½% on accounts not paid within a specified time, usually 20 days. Card holders can spread re-payments over ten months if they wish, paying 10% of their indebtedness, plus interest, each month. The American banks also levy a stiffer "discount" on the participating business houses. This may be anything from 4% to 7% of sales.

Big profit

It is no wonder that more and more American banks are coming into the field. An article in Burrough's magazine *Clearing House* investigates the profits which a bank might expect to make from a reasonably successful credit card scheme.

From a membership of 200,000 there is an annual income of at least \$150,000 in fees. If the average member uses his card to buy \$50 worth of goods each year, the annual sum of "billings" would be \$10 million, of which the bank's share would be about \$500,000.

Admittedly this total income of \$650,000 is by no means all profit. The cost of promoting the scheme, the administration charges and the bad debts, which become the bank's responsibility, would be heavy. But according to Burroughs, it should not be difficult to restrict these charges to 5% of the total billings — that is \$500,000, leaving a handsome profit of \$150,000.

A credit card programme can also bring indirect benefits to a bank which can logically ask card holders: "If you charge-it with us, why not bank with us?" A similar appeal could be made to merchant members.

For a bank to operate a successful credit card programme, there are three necessary ingredients:

- (1) A computer to keep the administrative costs of ledger-keeping and customer billing to a minimum.
- (2) Enrolment of many thousands of card holders whose credit rating meets stringent requirements.
- (3) Enrolment of a large and comprehensive list of merchants. A successful card must be useable where and when the holder wants to use it.

In an ingenious stunt to illustrate just how many services can be bought through its credit cards, the Bank of America recently employed a young lady to live for 31 days without spending one cent in cash.

In the course of this successful experiment, the young lady bought a complete wardrobe of holiday

clothes, a wig, flowers, food, cosmetics, records, medicine, rented a car, visited a dentist, stayed at several motels, dined, danced, went bowling and attended a musical comedy, and only once had a real problem: she could not use her card to buy time on a parking meter, a difficulty she surmounted by booking into a parking garage where her card was accepted. Had she really needed cash at any time she could, like other card holders, have gone into any branch of the bank and obtained whatever money her credit rating entitled her to.

Fortunately she had no use for one of the most bizarre items that can be purchased with a Bank of America credit card. If one is so inclined, it is possible to order quietly, quickly, and with no questions about payment — a tombstone.

● A CREDIT card holder can authorise other members of his family to use his card. In such cases, all authorised persons sign the card.

BANKAMERICARD

JOHN DOE

GOOD THRU 12/60

John Doe

Mary Doe

123 456 789

AUTHORIZED SIGNATURES

The Family Credit Card

● MERCHANTS who enrol in a credit card scheme naturally proclaim their membership prominently in their stores with signs like the one shown below.



TRENDS

IN HOUSING FINANCE

—by Michael Scorgie.

Undoubtedly the most significant trend in housing is the growing demand by Victorians for flats. This increased demand and the response it has received from private and government builders are reflected in this table of flat commencements:

Year . . .	1961	1962	1963	1964	1965
Flats begun: . .	2775	3524	4600	8750	9767

Source: *Victorian Building Statistics, Bureau of Census and Statistics.* •

In only a few cases has the Bank provided finance directly for the erection of flats, but we have made a substantial indirect contribution.

Prospective flat buyers are often home owners who would prefer a conveniently situated flat but must first find a buyer for their home. In January, 1964, the Bank again found itself able to accept established houses as securities for mortgage loans, and this has facilitated the sale of many such houses at prices considered reasonable by both seller and buyer. With the proceeds of the sale, the seller is then able to pay cash for a flat. It follows that the Bank's activities play a vital part in the trend towards flat ownership.

Demand for Quality

Another significant trend in housing is the desire of home seekers of all income groups for a bigger and better quality home. It seems that builders have ignored this trend, because they have been maintaining in recent months that mortgage lenders are not assisting the people on low incomes. The builders claim that it is lending policy that has reduced the demand for small homes.

It is not true that our Bank has failed to assist people in the lower income groups. In the past 12 months, 20 per cent of our successful applicants have been classified as earning \$2500 or less per annum. Our records also show that people in this classification often purchase a bigger home than builders apparently want them to buy.

In the closing months of 1965 fewer houses were begun than in the comparable period of 1964. This trend did not go unnoticed by our Bank, the Government or the Reserve Bank. Early in

December, Dr. H. C. Coombs, Governor of the Reserve Bank, announced that he had asked all the savings banks to increase, if possible, the already large amount of money they were investing in housing loans. At the same time the Federal and State Ministers for Housing stated that they were watching the position closely.

The Commissioners of our Bank responded to the situation promptly. They allotted an additional \$5.2 million for housing which should lift the approvals for the 1965/66 financial year to a record \$61.8 million compared with \$53.5 million in 1964/65. This was in keeping with our practice of allotting to housing a greater percentage of total funds than any other savings bank operating in Victoria. Since 1962 we have lent more money for homes in Victoria than all the other savings banks combined.

The following table shows the percentage of depositors' balances invested in housing loans by the savings banks at the end of December 1965: S.S.B. (30 per cent), Wales (26 per cent), Commercial (25 per cent), A.N.Z. (24 per cent), Commonwealth (23 per cent), C.B.C. (22 per cent), E. S. & A. (21 per cent), National (19 per cent).

Source: *Commonwealth Gazette.*

As a result of our increased rate of lending, the number of applications on hand declined from 1938 for \$12 million in June 1965, to 885 for \$5.9 million at the beginning of February, 1966.

The natural consequence has been a sharp reduction in the time lapse between lodgement of application and settlement of the loan. This period has been cut to less than four weeks.

The position at present appears to be close to ideal. It is no source of satisfaction to the Bank or its depositors to have a waiting period of several months; but, despite the qualifying conditions necessarily attached to housing loans in the past, the great demand has often made a long period of waiting inevitable. On the other hand, it is necessary for us to have a substantial number of applications on hand to ensure efficiency by maintaining a steady flow of work through the mortgage loans department to the valuers and the legal department.

Wedding Belles



BELOW: Newlywed Mr. and Mrs. Ken Colson in the porch of Coburg Presbyterian Church. Mrs. Colson, who is a member of the Preston staff, is the former Jennifer McConchie.



LEFT: Mr. and Mrs. Thomas Hay leave St. Mary's, East Preston, after their wedding. Mrs. Hay is the former Margaret Hulett and is on the staff of the Accountant's Department.

ABOVE: Cutting the cake at the reception following their wedding at Ormond Presbyterian Church are Mr. and Mrs. Robin Wood. Mrs. Wood, who works in Mortgage Loans, was formerly Louise Gray.

BELOW: Mrs. Joseph Gombos, watched admiringly by her husband, receives her wedding certificate following her marriage at St. Luke's Church, Vermont. Formerly Jacqui Strong, she is on the Legal Department's staff.



OUR NEWLY APPOINTED MANAGERS



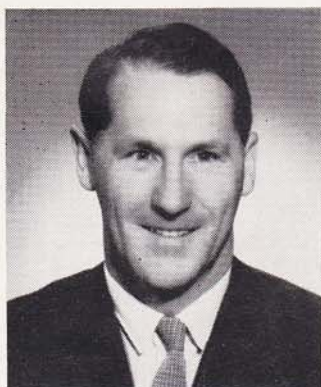
L. M. WILKINSON,
Emerald.

A well-known former League footballer who was a member of the Hawthorn team from 1948-56, Lance now plays squash and golf as an outlet for his energy and has recently taken up bowls. A bachelor, Lance has few of the moving problems associated with a family man.



D. H. HART,
Minyip.

David and his wife have two daughters and a young son and enjoy doing things as a family. They are all looking forward to excursions to nearby Jeparit, Mrs. Hart's home town. A keen tennis player, David has been a member of the Kew R.S.L. Tennis Club for several years.



M. L. RAGGATT,
Murrayville.

After 13½ years on the relieving staff, Max is quite happy to stay put for a while. Most of his spare time for a number of years has been devoted to youth leadership work for his church, but he has still managed to play cricket regularly and go swimming with his family of three.



F. T. MEYERS,
Industrial Officer.

Frank has had wide experience in the Bank ranging from country branches to staff training. He also has an impressive record of service to his fellow officers. Is Secretary of the Champion Co-op. and an O.W.D.S. committeeman and served 10 years on the Association Committee.



J. E. BERRY,
Dunolly.

John will find it a bit hard to pursue his favorite sport at Dunolly. He is a keen yachtsman and is an honorary life member of Mornington Yacht Club, the first member to be so honored by the club. John and his wife are the proud parents of a new baby daughter.



K. L. GIBBONS,
Boroondara.

Keith gave squash and golf as his sporting interests and then casually mentioned he supposed you could say football. As he is known to be an ardent Richmond supporter, this could be regarded as the understatement of the year. He is the Secretary and Treasurer of the committee at the school attended by his sons.



K. J. O'CONNELL,
Trentham.

Kevin joined the bank at Healesville and had ten years' service there. He was very well known in the district as he played football for Healesville and later coached both Healesville and Marysville teams. These days he concentrates on tennis and squash. He and his wife have two young children.



I. J. WALKER,
Willaura.

Jim should know the Western District well. He commenced his banking career at Koroit and apart from seven years on the relieving staff, all his service has been at Koroit and Warrnambool. Jim and his wife are both keen tennis players and he also enjoys a game of golf.