

This is Betty Turnell speaking for the oral history series sponsored by the Decatur Public Library. Our guest today is Mr. John Luttrell, president of the First National Bank of Decatur. We are recording on June 4, 1987, in Mr. Luttrell's office at the bank.

Welcome to our series, Mr. Luttrell.

A. Thank you, Betty. I'm very pleased to be a part of it. It was nice of you to ask me.

Q. Were you born in Decatur?

A. No, I was born in Clinton. Clinton is roughly twenty miles from Decatur. My family has lived in Clinton probably for several generations. My father was a banker at the John Warner Bank in Clinton for over fifty years. His father and grandfather were farmers around the Clinton area.

On my mother's side, her parents were railroaders. As you know, the railroad was so important to the development of Decatur and to the development of Clinton. Clinton was a railroad hub for many, many generations, with the Illinois Central Railroad. I can recall going to my grandfather's house and sitting around the kitchen table and hearing all the railroaders railroad in conversation around the table. They were really enthralled with railroading - that was their whole life. But that's changed a lot now. As you know, railroads have cut back. With airlines and trucking, the railroads have lost their importance, and as a result, the city of Clinton has declined in its importance and size. Even Decatur has noticed a big change because of not having the railroads come through as they did at one time.

So I was fortunate enough to know my grandparents on both my mother's side and my father's side. What they gave me from their lives' heritage has helped me along for many, many years.

Q. That's great! I know many people in Decatur have close association with Clinton, and it is true that railroading has played an important part in both communities, and banking, too. That is still a great bank, along with the banks in Decatur.

So you had an interesting background for your present position.

A. That's right.

Q. Now, what about your childhood? Can you tell us something about that?

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A. Well, as I said, I was born in Clinton. I do have a younger sister. She is fifteen years younger than I am, so for most of my childhood, I was an only child. I can recall since I was active in athletics in high school, that I was playing in a basketball game in high school, and my father let me know just before the game that I had a new sister.

She came along when I was practically through high school, but we've been very close even though she is younger than I am.

During the high school years we were very fortunate. We didn't have any serious illnesses or anything like that. We enjoyed the high school and other schooling at Clinton. It gave me a fine foundation for going on to college. My interest in athletics attracted some attention from the coaches at Millikin University. I was offered an athletic scholarship at Millikin.

Q. What special sport did you like the most?

A. In a small school like Clinton, you play all sports, beginning with football, then basketball, then track. Probably my best sports were basketball and track. I did not continue with football in college, but I did continue in basketball and track. I remember Ralph Allen, who is now deceased, was the coach at Millikin. He made several trips to Clinton. I was very impressed with the University. I wanted to go to a small university rather than a larger one, and I did want to participate in athletics, and Millikin gave me a fine opportunity.

Q. So you enrolled in Millikin?

A. Yes, I enrolled in Millikin in the teaching field.

Q. Were you going to be a coach?

A. I was going to be a coach and teacher. In fact, all through college my degree was in coaching and teaching, but in my junior and senior years I took several business courses.

We had a professor named Glen Smith heading the business department. I don't know if you remember Glen or not?

Q. He was interviewed on this series.

A. Glen was an exceptional person. He talked to me several times, asking if I should be interested in business as opposed to education. He thought that there was more opportunity in the business field. At Glen's urging, I did take some business courses. In my senior year, I had several

interviews with businesses that came to Millikin and decided on accepting a position upon graduation with Illinois Bell Telephone Company. I was real pleased with this.

My teaching degree has helped me a great deal. Even in business, you are at work with people. You have to communicate with people in business just as you communicate with students. And you have to motivate people as you need to motivate students. There isn't that much difference between business and education.

Q. And I know as a customer of your bank that teaching is a very important part of your service. Your clients really need teaching, too.

A. And employees need continuing education, too. It's very important. I was real pleased with my education at Millikin. It's a fine institution. It's a small liberal arts college. When I was at Millikin, our enrollment was around 1,400 or 1,500. I graduated in 1953. I began in 1949. It was interesting because that was when many of the veterans were coming back from World War II. I was a young boy right out of high school. We had a mix of students between the older veterans who had been through the wars and the younger students. I probably learned a great deal from some of my friends who were a little older at that time.

Q. And you had some competition, too?

A. Yes, but it helped. I think Millikin gave a very well-rounded education. Millikin has been so important to our city of Decatur. It has added to the quality of life. I think that is one of the big pluses we have in attracting people to come to Decatur.

Q. I'm sure we all agree with you on the influence of Millikin University. I believe we left you with Illinois Bell, didn't we?

A. Yes, I was with Illinois Bell, but to digress a bit, while I was at Millikin, a couple of things happened that we were extremely proud of. I was in athletics, as I said, on the basketball team, and for that small school, in my junior year, we won second place in the national basketball tournament in Kansas City. So that was an honor we achieved. I can still remember the crowds meeting us at the train station when we got home. For a young boy out of Clinton, this was quite an experience for me. I think every aspect of your life teaches you something, and in athletics you learn some things you can't learn right out of a textbook. You learn to give and take a bit with people, and you begin to appreciate the other person too, whether he is in

competition with you or a teammate. You appreciate what he's doing.

Q. Did you have any pressure to go into athletics professionally?

A. I didn't have any pressure, but I had a couple of offers to go into professional basketball. Realistically, I wasn't the caliber of player who could achieve very much in professional athletics, we decided.

I met my wife at Millikin. In fact, we went together for about three years in college. She had a pretty important part in my decision as to what I would do after school, and we decided that professional athletics at that time was not the route to go.

Q. Even today, it would be hard.

A. Yes, it would be hard. We decided that we would like to try our hand in business, and that's when I did accept a position with the Illinois Bell Telephone Company. My first assignment with the telephone company was in Peoria, Illinois.

The telephone company, again, would give excellent training, both in communication skills, in selling - just good business training. I've always looked at my experience at Illinois Bell as an advanced master's degree because they were so involved in giving training to their management people.

I had a little interruption with the telephone company during the Korean War. I left the telephone company for a couple of years and served in the artillery division in the army. I did not go overseas, but I stayed stateside at Ft. Smith, Arkansas. Again, I continued some of my athletic skills down there. Thank goodness, the Korean War ended, and I didn't go overseas. I came back and rejoined Illinois Bell.

From Peoria after I rejoined Illinois Bell, I was then sent to Springfield, Illinois, as assistant commercial manager of the telephone company. We enjoyed Springfield. Every community we've been in we've enjoyed, but it's interesting that each community is a little different. Springfield is so enthralled with the political atmosphere that it's entirely different from Peoria or Decatur. But we did enjoy Springfield.

From Springfield, I was transferred to Decatur, Illinois, as the manager of the Illinois Bell Telephone Company for approximately four or five years. We had an interesting experience while I was manager. We changed all the telephone

numbers in Decatur. We went from a four digit number to a seven digit number. Everyone thought it was going to be the end of communication because no one could remember seven digits of a telephone number. One of the main jobs I had to do was to try to satisfy everybody that the world wasn't coming to an end, that they could remember seven numbers, and that it wouldn't be that bad. Today, we have ten and eleven numbers when we're dialing, and no one thinks anything about it. It was a pretty traumatic experience at that time. We were changing all the telephone numbers in Decatur. The reason was that we were going to automatic dialing. There were many newspaper editorials saying it was wrong, that people wanted to keep numbers because they had been in their families for so many years. They had many legitimate reasons, but for progress change was necessary. Thank goodness, after about six months everything quieted down. People realized that they could remember the numbers and there wasn't much difficulty. But that was an interesting sideline.

At that time we had two small children and we wanted to remain in Decatur to raise our family. I recognized that if I was going to be with Illinois Bell, I would probably be transferred eventually to Chicago and then maybe on to New York.

Mr. Sam Bradfield was president of the National Bank of Decatur at that time, and he contacted me to see if I would have any interest in joining the bank in Decatur.

After a lot of consideration on the part of my wife and myself, we decided that we wanted to keep our roots in Decatur. We wanted to stay in our community with our friends.

I decided to leave Illinois Bell Telephone Company after approximately ten years, and join the National Bank.

My first position with the bank was that of assistant vice-president. I was the marketing and public relations man for the bank. Again, I was learning a new profession.

I tried to get into each department of the bank to learn what was going on. Mr. Bradfield and the fellow officers of the bank were really nice to me and made it easier for an outsider to come in here.

Q. So you now are finally with the bank?

A. I was with the bank. I had another short leave. After two years with the bank, the president of Millikin University asked me to be vice-president and financial advisor for the

university. So I went out to the university for about two years. I remained on the Board of Directors of the bank, and then when the president retired, I believe it was approximately twenty years ago in 1967, the board asked me to return to the bank as president, and that is the position I have right now.

Q. So that is how you came up the ladder?

A. That's the way I came up the ladder. It's rather a varied background for a career, but I hope in every move I've made I've learned something and I think I have. It has helped me in my position that I hold today.

Q. You probably have notice many changes in banking even during the time you have been here. What are some of the most important changes you've noticed?

A. We've talked about the training of the people. I think the bank personnel are a lot more professional now because of the extensive training they receive.

Certainly automation is another important change. You come into a bank today and see all the little computers on the desks. You make a deposit and right away they tell you what is in your account. It's automatic. It connects right to the computer. You can go outside the bank and have deposits taken by automatic tellers - machines that will take deposits. That would have been quite astonishing to our forefathers in the banking profession in the days of the quill pen. I don't know that we are any more accurate today than they were because they were extremely accurate, but the volume of transactions we handle is amazing. When I joined the bank in 1967, we were about a 30 million dollar bank. Today, we are a 210 million dollar bank in assets. This bank is 113 years old. We are the oldest national bank in Decatur. We're not the oldest bank in Decatur because the Millikin Bank is a couple of years older, but we were a national bank before they were, so we're the oldest national bank in Decatur.

We were talking about railroading in Clinton. Our bank was originally started by railroad families - Burrows and Peddecord families. They started by just having a safe in one of our buildings. We've grown from that to where we are today.

We have also been able to branch lately. In the last few years the banks of Illinois have been able to establish branches. Currently, we have three branches of our bank.

Q. You could have facilities close to the bank earlier, couldn't you? How did that work?

A. You could have facilities adjoining the bank. Then the first change said you could have facilities, I believe it was, a half mile from the bank. Then we built one at Prairie and Broadway Streets. That probably was the first drive-in bank in Decatur. Then they enlarged the distance to two miles from the bank. We built a nice bank at Main and McKinley Streets. That has been extremely popular. The north section of Decatur, as you know, is the section that has really grown. Putting the bank out there where the growth is has been a big plus for our bank.

Q. And a great convenience for your customers?

A. We think so. That is the name of the game in banking now - to provide good, convenient banking services, to try to have parking lots near the bank. That's important to people. You want to make it as easy as possible for them to bank. We're proud of our facilities. And this is just the beginning. We think there are going to be a lot more changes coming in banking.

Q. What will some of those changes be?

A. Well, right now we are seeing that banks are being purchased. Holding companies are buying banks and there is again a change in our law that enables this. Our two major competitors in Decatur - the Millikin National Bank is now owned by a bank holding company out of Belleville, Illinois. The Citizens' National Bank, our other main competitor, is owned by a holding company out of Peoria, Illinois. We're the last and largest community bank in Decatur now, but that's not to say that somewhere down the road we might be owned by somebody else. This change in banking law gives purchasing power to the larger banks to buy up some of the smaller banks.

Q. Are there advantages and disadvantages to that? Or is it all on the plus or minus side? What's the story?

A. I think there are some major disadvantages to it and some strong disadvantages. Of course, the advantage they claim is that they have more assets and more capabilities of doing more for the smaller banks. The disadvantage we see is that many times the large holding companies that are outside the community lose a little feeling of what is going on in the community. We think it's better that we make our own decisions for Decatur rather than having decisions made outside Decatur. Every community is a little different. That's our

position right now - we want to remain a strong community bank.

Q. I don't know if it's significant or insignificant, but even name change bothers a lot of people.

A. I think that's right. Currently, we will probably be acquiring some smaller banks around Decatur, but it's our idea that if we do this, we would like to leave the name and identity of those smaller banks alone because we think it's important to have banks the community can relate to.

Q. Do you think there will be an expansion between states?

A. Yes. In fact, the law just passed in Illinois says that there will be a national - "trigger" is what they call it - by 1990 that will allow any state bank in any state to come into any other state and buy banks. Our current law is that only adjoining states around Illinois - Wisconsin, Michigan, Missouri, etc. - but by 1990 the law will change so that any bank can go any place.

Q. That sounds like a major change.

A. It is, very much so. You are going to see some of the larger banks in New York and California probably expanding into the state of Illinois. You are going to see a consolidation of many of the major banks. But even in doing this there is still a place for a community bank. I think the future for our bank looks super right now.

Q. Very good! But there are other changes the average person notices - the fact that you can go into a store and they seem to offer some of the services that formerly only banks would offer - or you go to buy a car and they can finance just as a bank does. What is that story?

A. Everyone is getting into our field. This is why bankers have been pushing our legislators so much recently. We want a level playing field. You can purchase financing for a car from many different sources outside a bank. Probably one of our big competitors right now in the credit card business is Sears Roebuck because they offer their own credit cards. G.M.A.C. offers automobile financing. Any insurance broker or mutual fund broker will offer savings accounts. So what we are trying to seek for the banks is the ability for us to offer some other services. We think it's only fair if the insurance men are selling money market funds that banks be allowed to sell insurance. Also, if we wanted to, not that we would. Any type of service a person should want, we should have the opportunity to offer if we want to.



Q. Maybe you could offer stocks and bonds?

A. Stocks and bonds. That's right. But the real service we're pushing for now is insurance because we think that's a natural tie-in - between financing services and insurance. But this is meeting a great deal of opposition by the insurance agents because they don't want competition in their field. They want to do what we're doing, but they don't want to let us do what they're doing. I think this is going to change. In the future, I think you're going to see banks able to offer mutual funds and offering to sell insurance - even maybe having mortgage insurance companies where we can sell homes.

We've changed a lot in 113 years, but I think the big changes are still to come.

Q. What about control at the top level - the Federal Reserve Board? Do you have problems at the local bank with that situation?

A. Our only problem is that they do control the money supply, and by controlling money supply, they have a direct bearing on what interest rates are. As you know, starting in 1980, we had extremely high interest rates. We had interest rates that escalated as high as up to 20%. Since that time, since Mr. Reagan has been our president, the interest rates have come down. We have had a very strong person in charge of our Federal Reserve - Mr. Volcker. He has taken it upon himself and the Federal Reserve to keep inflation in check. I can remember not too many years ago our biggest enemy to everyone was inflation, especially to people who were retired and on fixed incomes. Inflation was going so high they couldn't live on their incomes. But thanks to Mr. Volcker and the Federal Reserve and our president, we said "This can't happen". Interest rates went higher. We have gone through a recession, but we have inflation under control, and hopefully that will be one of the major responsibilities that the Federal Reserve will always have. Mr. Volcker announced just a few days ago that he would not seek a third term, and Mr. Greenspan has been appointed to head the Federal Reserve, and I think this is a positive note. I think he's a very capable individual, and while Mr. Volcker was extremely influential, especially in the international markets, I think Mr. Greenspan will carry on and do an excellent job.

Q. You don't foresee any great changes there?

A. No, I really don't. He's a fine individual, and given the time, he will attain the same stature Mr. Volcker has.

Q. We've talked a bit about the future of banking. Do you have anything more you would like to add to that? It looks pretty rosy.

A. Yes, I think it does. I'm asked many times to talk to young people about careers and what fields they should now be selecting. I'm quite positive about the field of banking and financial services. I have two sons who are in banking. One is in Phoenix, Arizona with the Valley National Bank. Another son is in Washington, D.C. with the United Banks of Virginia. They are young men, and I think they can establish a fine future in the banking field. So I'm very positive as to what will happen in banking.

Q. Very good! What about the future of Decatur?

A. Decatur has been through a rough time. Decatur in recent years has been an industrial town with our largest employers being Caterpillar Tractor Company, the Staley Company, the Mueller Company and ADM. With this recession we've been through, it's been difficult for a manufacturing city to grow. If anything, we've probably curtailed. We've reached a plateau now, from where I think Decatur in the future can grow. Our big employers are going to be reducing their work force so there will have to be smaller service industries created. This will happen in Decatur. At one time Caterpillar Tractor employed pretty close to 6,000 people. I think the future plant with automation will have about 2,500 people. We have a great many new businesses opening up. The service industry is what will continue. Decatur is going to be a fine community. We have an excellent quality of life in Decatur. IT's a fine city in which to bring up a family. it's interesting when executives are transferred to Decatur they always wonder "Where is it? Are we still with the cowboys and Indians?", especially if they live in the East. They are a little reluctant to transfer to Decatur, but once they have been here for some time, they are reluctant to leave. So I think that speaks pretty well for our community.

Q. Your wife and family may think you stay at the bank all the time, but I'm sure you have some time for yourself. What do you do in the time you are not at the bank?

A. As I mentioned, I have two sons who are grown - one located in Phoenix and the other in Washington, D.C. I have a third son in Charlotte, North Carolina. Then our young daughter is a student at Columbia, Missouri. She's in journalism school there. It keeps us busy keeping track of the family. We also have a new granddaughter in Phoenix. We enjoy traveling and seeing the children. We enjoy our friends. Both my wife and I play golf and tennis and try to keep

active that way. In Decatur there is a lot to do. We're not that far from St. Louis and Chicago, and we enjoy traveling. While I do spend a lot of time at the bank, there is a lot of time spent with the family.

- Q. It sounds as if you have had a very satisfactory life, both at home and at the bank. It sounds as if you have an extremely interesting career, and you certainly have contributed a great deal to the community.

We thank you very much for sharing your experiences with us, Mr. Luttrell. We know that our banking interests are in safe hands. Decatur is a place that will continue to offer opportunities such as you have had.

- A. It's been my pleasure to be with you this morning.

- Q. Thank you.

- A. Good-bye!

You have been listening to the reminiscences of Mr. John Luttrell, president of the First National Bank of Decatur. This is Betty Turnell speaking for the Decatur Public Library.