

YOUNGSTOWN STATE UNIVERSITY
ORAL HISTORY PROGRAM

Metropolitan Savings & Loan

Personal Experience

O.H. 916

JOHN R. PERKINS

Interviewed

by

Evelyn Jones

on

November 23, 1987

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INTERVIEWEE: JOHN R. PERKINS

INTERVIEWER: Evelyn A. Jones

SUBJECT: employment with the company, work as President,
the future of the Savings & Loan industry

DATE: November 23, 1987

J: This is an interview with John R. Perkins for the Youngstown State University Oral History Program on the Metropolitan Savings & Loan, by Evelyn Jones, on November 23, 1987.

Tell us something about where and when you grew up.

P: I was born in Struthers, Ohio in 1927. At that time, Struthers was a booming steel mill town. My father worked in the steel mill. I had a brother and three sisters. I went all through the Struthers Public School system. When I was 17 years old, I went into the Navy. I enlisted right out of high school. I went to the service for a couple of years, came back, and enrolled in Miami University. When I was in high school, the war was on and I worked the weekends in the steel mill at Sharon Steel Corporation and at Youngstown Sheet & Tube on Friday afternoons, Sunday afternoons, and in the summertime. When I was in college, I would come back every summer on vacation and work in the steel mills. After I got through with Miami University, I came back to town and had no job. I broke down and took a job with what was then known as the People's Bank. I worked four years with the People's Bank in the clerical company while going to night law school at the university. I got my law degree, and while I was getting it, I worked at People's Bank. I left People's Bank to take a job

at Jefferson Clay with Nationwide Life Insurance Company for six months. After that, I went to work at Metropolitan Savings & Loan Company. That was about 28 years ago.

J: How did you get involved with Metropolitan?

P: I was sitting at law school one night my last year, and the dean of the law school was Ray Falls, who was also the director of the Metropolitan Savings & Loan Company. Ray Falls was a partner of Falls, Hazel, & Kerr, a law firm. Mr. Hazel, a member of that law firm, however, was the president of People's Bank. I worked for him at People's Bank for four years. Mr. Hazel evidently talked to Mr. Falls after I had left People's Bank, and I found out that the Metropolitan was looking for someone to come to work there. Mr. Falls called me up after class and almost told me to go to work for Metropolitan Savings instead of practicing law. I came down and talked to Harold Waller and your dad. I came to work at Metropolitan while I still had six months to go in law school. I finished up law school and stayed with Metropolitan ever since.

J: What was your first job like at Metropolitan?

P: At that time, I think the company was about \$3 million in size; it had about six or seven employees, so you did a little bit of everything. The first thing I did, I think, was maybe sit with David and Hazel. I took loan applications and then I went out with David on appraisals. Then we came back and Hazel would type a paper and then David and I would disperse. We would call delinquent accounts on the phone and ask why a payment wasn't made. In the meantime, we would help the tellers balance their accounts; they had these hand-posted savings, hand-posted mortgage loans. These are the only two types of accounts we had at that time. They had trial balances for those on the adding machines. On Tuesdays they did the loans, on Thursdays the savings, something like that. Another thing we would do once a quarter at night time was stay and add the interest on the mortgage loans. Twice a year we would add the interest on the savings accounts. It was big trays of cards; you took a pen and you added it in, and then you checked it before you balanced, after you balanced, then it was checked in the general ledger. It took a lot of labor. That was before we had any computers or window machines.

J: Everyone stayed?

P: Yes. It was a joint venture. It was a lot of fun when you look back on it now. It was sort of a challenge and challenges are fun.

J: What were those early years like after you finished law school and began working at Metropolitan?

P: At that time, I was single and really didn't know what my future would be. As most young people, I was impressed with certain things about the company because they didn't seem to be quite in the mold of other financial institutions. They were, of course, the smallest one in town at that time. Shortly thereafter, was when the company decided to join the High Deposit Guarantee Fund. I think that is one of the biggest, single things that has affected this company. It signified an independent nature.

J: What were some of the assets that you would have instead of being a federal loan or federal deposit?

P: I think freedom of choice. Freedom of conducting your own business without a bunch of rules and regulations imposed upon you, telling you what you could and couldn't do, had to do, what type of accounts you could have, what interest you could pay or not pay. From the beginning it was sort of an unregulated posture we had. That really put an awful burden upon us to do the prudent things and not to go crazy and wild. If you're totally free, you have a lot more of a burden because you want to conduct yourself right. If you have some panel or some group telling you exactly what to do, then it doesn't take much of a decision on your own part. When you're regulated and do what you're told, you don't have that much exposure to make a mistake.

J: What events stand out now as major in your mind?

P: I think aside from some of the people--I learned that if you're going to do something, do it now; don't sit around. Get it done. I think the biggest single thing that sticks out is probably the membership in the High Deposit Guarantee Fund . . . being a stock company where you do have some responsibility to shareholders. I think, of course, obviously the electronics and automation has been a very big thing. I don't think we've seen the tip of the iceberg on that yet. We're trying to form a decision on a new type of account, and one of the four or five questions will be what are the capabilities of the computer in Champion, Ohio. What can they handle? Another thing that stands out was our moving from Phelps Street, our growth out to the square here, acquiring loans for this building, our branching network; obviously the fine people we have help make the team go. When I first started 25 years ago, to make a loan you needed an application for the loan, an appraisal, a credit report, a note, and a mortgage. Now, you go upstairs and make a mortgage loan and you need about 25 or 30 documents. It's tedious; it's a result of our booming electronics and government regulation. The number of rates . . . if someone asked me on the street what rate we were paying on something, I can't tell him. I carry a little card and notebook around with me, so I can tell people

the eight types of rates we pay on different types of investments. The move from savings into investments is obviously another thing. What has been a big change is the inflationary effect on rates. It used to be 1 and a half to 2 on savings. Now the pay is 6 percent on a passbook and as high as 15 percent on CD's.

J: Looking back is there anything you wish you would have done or something hindsight you wish you would have had?

P: Yes, I've thought about that a lot lately. One of the biggest things I think of, and we didn't know this, but when we had a regular passbook savings accounts and not a single CD in our company; I wish now we would have advertised and pushed more and built up a larger base of customers on our regular passbook accounts. We were concerned with outstripping our reserves; we had other problems that made us fearful that might happen. I don't think I would worry so much about those types of reserves as long as we're getting a cheap rate on passbook savings, and that's hindsight. We did what we thought was best at the time.

J: What kind of future do you envision for the savings & Loan industry and for Metropolitan?

P: Generally, for the industry, we're going through changes. I just came back from the national convention, and leaders in the field spoke to us and there is a great deal more optimism now than there was a year ago, because rates have come down. We are growing more and more like the commercial banks. In fact, I envision that within 10 or 15 years it's going to be a homogenized type of national institution, where you're not a bank or savings & loan. In fact, the new bill that was just passed by Congress authorizes name changes toward the federal. So the public looks upon us as a place to do financial business, not just savings and loans. I think in all businesses--we're talking about the savings & loan now--there are a lot of companies that shouldn't be in the business. They deserve to fail; they deserve to be merged; they deserve to go out of business. There is going to be the savings & loan business for a long time to come, although it might change it's nature a little bit. We're making automobile loans and student loans, which we never thought we would do two years ago. That's indicative of the type of loans we've got to get into. We now have all these CD's. I'm very optimistic about our company; we've got some things on the drawing board here and we visualize a retail concept in financial types of things. By that, I mean marriage to and working with department stores, locations for more convenience, more hours, more exposure for the type of products. Incidentally, we have the best products in Youngstown. We are studying very cautiously automative teller machines. We feel you can make two mistakes. Number one, ignore them and pretend they're not here and hope they go

away, which they won't, and two, pick the wrong type of machine and the wrong institutions or branches at the wrong time too soon. We want to study the machines that the competitors have, so we know what's available. We're going to start a survey to find out what our customers want. I think with our higher rates, expanded hours of convenience, and locations, we don't have the immediate urge to hop into ATM's (Automatic Teller Machines). Metropolitan is getting back into a profitable situation, I think. I think our growth picture is good. I think we have good branches. I think we have new contacts throughout the state. We have a good board of directors. I think the future for Metropolitan is probably brighter than it is for some of our competitors. I think we're here to stay for some time.

J: What do you think is the success of Metropolitan? Is it the people that get involved with it, or is it moves that you made and the independent image?

P: I think it's the people and the moves we've made in the past years. I think Metropolitan has a very strong heritage of honesty, loyalty, and service to the public. We all view service to the public differently. Some people would serve in different ways. Some of the things that have made this company great through the years are still running through this company and reflecting on decisions made by different people. We had our 60th birthday party a month ago. I think it's the heritage, the people that we had then, the people we have now, and the people we're trying to bring in the future that will use these ideas and build upon them. Any successful organization I've seen has been because of the people. Technology is nice, but the people are going to make it go.

J: Is there anything else you wanted to add?

P: It's unbelievable to me the change that takes place in this business. When I go away from this desk or the business I call twice a day. I have to know what's going on and talk to people. Not that I can help them do their jobs any better, but I want to keep my mind up-to-date so that I don't have an awful lot of catching up to do when I get back. If I were away from this business for 60 days, I would be at a loss to come back in here and know what they were talking about. That 60 or 90 days, that is how fast things are changing around here-- concepts, nouns, verbs, words that you apply--just the English language has far as our business is concerned. That is about all I can add. You've got to stay with this every day to know what is going on. You've got to communicate. We have four or five vice-presidents now, and they've got to work independently, but also think together, work together, and communicate together. They have to be responsible. I can't interfere with them, but I have to know what is going on. I

can't presume to do every one of their jobs, but they report to me and to one another and know what is going on.

J: Thank you.

P: You're welcome.

END OF INTERVIEW