



When Tiny Tim Gives to Scrooge

by Edward Flattau

It is about this time of year, with the holly on the hearth and the chill on the air, that man begins to feel the true spirit of Christmas and hopes to bestow on the world a joy that knows no self-interest.

Where can man turn at Christmas to bathe society with his true benevolence? Which institution understands man's spiritual need to give of himself and provides him an opportunity to do so? None does, I think, more than the banks of our nation and their popular Christmas Clubs. When the Madison National Bank of Washington explains that its Christmas Club "pays," we know they aren't talking about high interest rates. What they are trying to say is that the bank presents its customers the rare opportunity to give without gain, providing them a kind of yearly dividend for the soul, a way of expressing their support and gratitude to the bank that serves them.

It is impossible to think of a safer repository for the selflessness of the citizens. No institution needs the \$2.2 billion deposited in Christmas Clubs across the country last year by over 16 million people less than the banks.

When you consider that total bank profits rose 13 per cent this year, it is obvious that banks would do very well even without the additional profit on Christmas Club money that is deposited in non-interest-bearing or low-interest-bearing accounts across the country.

But it is precisely such a lack of need that makes the banks such a perfect recipient of the yearly gift of free money which they can reinvest at 10 per cent. True giving should never depend on need, but on love. Here is where the true genius of the Christmas Club idea is revealed, as the banks provide the opportunity for an unprecedented double dose of selflessness. Christmas Club deposits demand sacrifice from the hard-pressed savers, and sacrifice is an essential element of the true gift. But these deposits also have an additional virtue—uselessness. The banks don't need the money, and so there is no chance of that self-righteous glow, or the tax deduction, which so often follows charity for the needy. Christmas Clubs are the rare combination—the useless sacrifice—the spartan kernel of the Christmas spirit. And this year is the best of all to give your present to the bank, because this year they need it less than ever before.

Of course, some banks claim they

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don't make any money on the Christmas Clubs at all, that processing the accounts and taking in the dollars every month until Christmas is a long, tedious, and costly bother. One wonders, naturally, if the banks don't profit and if the depositors in the clubs lose interest they would otherwise gain through regular savings accounts, why the banks continue to press and push and advertise their clubs.

Part of the answer is provided by William P. Givens, president of the Merchants National Bank in Muncie, Indiana, who says, "Christmas Clubs are opened for the convenience of the small saver and to encourage thrift in children, poor people, and the elderly." If only Tiny Tim had joined a Christmas Club and not squandered his pennies during the year, he could have gone out and bought his own turkey dinner.

The banks make sure the pennies are not squandered. "Encourage" is perhaps a modest word. As the repositories of Christmas spirit, banks are not easily moved by people who join the clubs and then decide to back out. They are not eager to diminish the sense of accomplishment gained through seeing the money build toward Christmas. When a prospective club depositor in Pompano Beach, Florida, suddenly retreated from the spirit by asking, "What if I want to withdraw my money before the Club is finished?", a bank officer warned him:

"You can't do that."

"But what if it were an emergency and I needed the money?"

"Well, you'd have to see a bank officer and he'd have to determine if circumstances were dire enough."

Some circumstances aren't dire enough. When James Paul of Danville, Pennsylvania, was laid off work because his office burned down and then a week later his wife had a baby, he found himself short of funds. He went to his bank to make an early withdrawal of Christmas Club savings. The bank refused to release the money,

but in a warm-hearted gesture agreed to give him a loan—at the prevailing rates.

Mrs. Sylvia Locket, of Jackson, Tennessee, had her \$100 Christmas account paid up three months early because of a Mother's Day gift she received from her son in Vietnam. She wanted to take the money out a little in advance, now that she was caught up on the deposits, to take advantage of pre-Christmas sales. She was told it would cost her \$5 to obtain her account funds "prematurely." Under the circumstances, the bank officials said, the \$5 was being charged because her withdrawal "was the same as a loan."

You can't blame the banks for going out of their way to teach the people a little frugality—a penny saved is a penny earned, even without interest. And while the bank's temptation might be to get a little soft-hearted to the stories of Mrs. Locket and others, since it is, after all, Christmas, it takes considerable moral fiber for banks to remain unmoved, to charge the fines and the penalties and to take away interest, as some do, to protect the customers from their own anticipatory greed.

The depositors aren't always told, in advance, what the terms of their accounts are—that they will not get interest, or low interest; that they may be charged penalties or lose interest for early withdrawals; or that they might not be able to make early withdrawals at all. When they sign the application card which says "I agree to obey the rules of the club," most



often the rules of the club aren't even printed on the card. But candidness is not always as important as creativity, especially at Christmas, when holiday advertising is such a joy to behold. Who else could humanize the financial

venture as the banks have done—with the monthly pay schedules and debits and credits hidden inside the fold, while the carolers and candles and tinsel hit you right away on the flap of the brochure. It makes a regular savings account, with interest, seem almost drab.

In some Christmas Club mass mail-outs, no effort is spared to benefit each boxholder. For instance, Riggs National Bank, Washington, D.C., sent a two-part card, one half for returning if you want to join the club, the other half which reads:

This card is impregnated with miraculous **KLING**. It will hold the needles on your Christmas tree.

Just do this:

1. Scrape bark off butt end of tree, shake tree vigorously to dislodge loose needles.

2. Pour two quarts of water in a pail, then stir and wring **THIS CARD** into the water.

3. Stand tree in **KLING** water overnight.

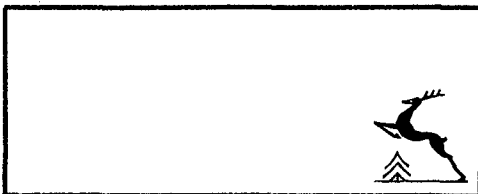
4. Fill tree stand $\frac{3}{4}$ full with **KLING** water and insert tree.

Needles will “**KLING**” to your tree and it will stay green!

No doubt the founders of the Christmas Club concept, the men at the Frugality Banks of Scotland in 1798, would never have dreamed that their clubs would come to such ingenious ends, probably inevitable after the clubs moved to the United States. In any case, the concept took hold here shortly after the Civil War; but in the early days, before the idea matured, the funds were managed only by businesses for their own employees.

The idea reached its enterprising fruition when Herbert F. Rawll, a stationery salesman, conceived of selling the Christmas Club concept commercially to banks. It was then, through typical American optimism, that the plan really reached the full limit of its potential, growing right along with the economic profit margins realized from the successful promotion of the birth of Christ. And now, at the pinnacle of its success, the Christmas Club Corporation of New York City can num-

ber over 10,000 banks among the clients for their happy advertising paraphernalia. Other such clubs, including Chanukah Clubs and holiday travel clubs, are springing up under similar arrangements.



Christmas Clubs received their first big setback on December 17, 1969, when Congressman Benjamin S. Rosenthal, perhaps conscious of the season, complained to the three federal banking regulatory agencies about banks' failure to pay interest on Christmas and other club accounts. He found that few banks outside of highly competitive New York actually pay for Christmas Club deposits. (On Manhattan, many banks have lost the whole spirit of the idea and are appealing to the customer's base greed by offering to pay interest almost like a regular savings account.) He also questioned the lack of any legal requirement that banks advertise their interest policy and urged an official ruling to correct the situation.

The official replies to Rosenthal's complaints were reassuring to club promoters. Arthur F. Burns, chairman of the Board of Governors of the Federal Reserve System, said, "Few, if any, major problems have arisen in the Christmas Club field in recent years. Over the past three years, the Board has received no letters of complaint directly from consumers relating to Christmas Club accounts."

Rosenthal himself received many letters from irate consumers questioning the clubs, but perhaps the bankers are not easily convinced by people who have a vested interest in their own money and who seek to pursue personal advantage. What is a few dollars interest compared to the joy you get from giving that yearly dividend present to the fat, jolly bank nearest you. ■



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