

SPEECH BY

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HOW BANKERS CAN HELP CONSUMERS

YOU HAVE ASKED ME TO DISCUSS TODAY HOW BANKERS CAN HELP CONSUMERS.

I THINK YOU ARE TO BE CONGRATULATED FOR CONSIDERING THIS PROBLEM AND YOUR MATURITY IN INVITING COMMENT AND PERHAPS EVEN CONSTRUCTIVE CRITICISM. THIS IS THE KIND OF CONSTRUCTIVE RELATIONSHIP BETWEEN GOVERNMENT AND THE PROFESSIONS WHICH BRINGS ABOUT SOLUTIONS TO THE PROBLEMS OF OUR STATE AND OUR SOCIETY.

I'VE CONSIDERED THIS QUESTION CAREFULLY SINCE YOU ASKED ME TO SPEAK. BASICALLY, AS WE LOOK AT THIS PROBLEM I THINK WE SHOULD APPROACH IT IN TWO WAYS: FIRST, WHAT YOUR PROFESSION CAN DO TO HELP WITH CONSUMER PROTECTION PROGRAMS; AND SECOND, WHAT YOUR PROFESSION CAN DO TO IMPROVE YOUR OWN RELATIONSHIPS WITH THE CONSUMER.

YOU CAN- AND SHOULD - TAKE AN ACTIVE PART IN CONSUMER PROTECTION PROGRAMS, AND I HAVE SOME SPECIFIC SUGGESTIONS TO

MAKE HERE.

THERE ARE TWO FACETS OF CONSUMER PROTECTION: ENFORCEMENT AND EDUCATION. THEY ARE BOTH IMPORTANT, BUT I WILL COMMENT ON EDUCATION FIRST.

AN INFORMED CONSUMER IS HIS OR HER OWN BEST PROTECTION. WE NEED TO TEACH EVERYONE TO SPOT A "BAIT AND SWITCH" SCHEME AND TO UNDERSTAND THE PITFALLS OF PYRAMID SALES. WE NEED TO TEACH EVERYONE HIS RIGHTS AS A BUYER. WE NEED TO TEACH OUR PEOPLE WHAT TO DO WHEN DEFRAUDED AND WE NEED TO TEACH THE UNSCRUPULOUS BUSINESSMAN THAT FRAUD AND DECEPTION WILL NOT BE TOLERATED.

THERE'S NO DOUBT ABOUT IT, YOU CAN HELP WITH CONSUMER EDUCATION. SINCE OUR CONSUMER PROTECTION DIVISION HAS BEEN ESTABLISHED, WE'VE WORKED AT INFORMING THE PUBLIC. THE STAFF AND I HAVE MADE HUNDREDS OF SPEECHES, ALL OVER THE STATE. WE'VE GONE ON TELEVISION, ISSUED NEWS RELEASES, AND HANDED OUT BROCHURES. WE'VE WORKED WITH THE SCHOOLS TO DEVELOP COURSES AND TEACHING MATERIALS. I DOUBT, THOUGH, THAT WE'LL EVER MANAGE TO END COMPLAINTS AND PUT OURSELVES OUT OF BUSINESS, BUT WE'RE GOING TO TRY.

THIS IS AN AREA WHERE WE NEED YOUR HELP. THIS KIND OF EDUCATION DEMANDS A MASSIVE, CONTINUING EFFORT. WE'RE NOT - AND SHOULDN'T BE - EQUIPPED TO UNDERTAKE THIS SINGLEHANDED. BANKERS ARE IN AN IDEAL POSITION TO HELP EDUCATE CONSUMERS.

YOU ARE IN CONSTANT CONTACT WITH PEOPLE, AND YOU ARE LOOKED UP TO AS KNOWLEDGEABLE PEOPLE. YOU ARE AUTHORITIES ON SOME LAWS AND ON MONEY MATTERS, WHICH ARE BOTH AREAS INVOLVED IN CONSUMER PROTECTION.

SO I URGE YOU TO TAKE AN ACTIVE PART IN CONSUMER EDUCATION, BOTH AS INDIVIDUALS AND THROUGH THIS PROFESSIONAL ASSOCIATION. USE YOUR CONTACTS WITH CUSTOMERS TO HELP INFORM THEM OF PURCHASING PITFALLS. HELP THEM UNDERSTAND THEIR RIGHTS AND OBLIGATIONS AS BUYERS OR SELLERS. VOLUNTEER YOUR SERVICES TO SPEAK ON THESE PROBLEMS. GET THE CIVIC AND SOCIAL CLUBS WITH WHICH YOU HAVE CONTACT TO PUT ON PROGRAMS ABOUT CONSUMER AFFAIRS. GIVE US YOUR IDEAS ABOUT EDUCATIONAL NEEDS AND ABOUT EFFECTIVE APPROACHES IN THIS AREA.

YOU CAN HELP BY UNDERSTANDING OUR LAWS AND BY WORKING FOR NEW LAWS WHICH ARE NEEDED. WE NEED TO KNOW OUR CONSUMER PROTECTION LAWS. BANKERS MUST KEEP INFORMED ABOUT LEGISLATION IN THIS FAST-CHANGING FIELD, SO, IN TURN, WE CAN INFORM OUR CLIENTS.

WE HAVE SOME GOOD LAWS ON THE BOOKS IN NORTH CAROLINA THAT PROTECT BOTH THE BUYER AND THE HONEST BUSINESSMAN. BUT THIS IS A NEW AREA, AND NEW OR REVISED LAWS WILL BE NECESSARY IN THE FUTURE, AS NEW PROBLEMS DEVELOP. SINCE OUR PRESENT LAWS ARE OF SUCH GREAT IMPORTANCE TO ALL THE PEOPLE OF OUR STATE, IT IS PARTICULARLY IMPORTANT THAT WE BE FAMILIAR WITH THEM.

FOR EXAMPLE, OUR BASIC CONSUMER PROTECTION STATUTE-

THE SO-CALLED "LITTLE F.T.C. ACT", IS CLEAR AND CONCISE. TAKE TIME TO READ IT.

WHEN NEW CONSUMER LAWS ARE PROPOSED, MAKE AN EFFORT TO LEARN ABOUT THEM. GIVE THEM YOUR ACTIVE SUPPORT IF YOU THINK THEY'RE GOOD LAWS. A MAJOR FACTOR IN THE ENACTMENT OF NEW CONSUMER PROTECTION LAWS IS PUBLIC OPINION. BUT REMEMBER THAT UNSCRUPULOUS BUSINESSMEN CAN EXERT GREAT PRESSURE, AND SPEND GREAT SUMS, TO DEFEAT DESIRABLE LEGISLATION. STRONG PUBLIC SUPPORT CAN COUNTERACT SUCH PRESSURE.

YOU CAN HELP BY MAKING SURE CONSUMERS HAVE SOMEONE TO TURN TO FOR LEGAL ASSISTANCE IN YOUR COMMUNITY. AS YOU KNOW, I HAVE TAKEN THE POSITION THAT THE ATTORNEY GENERAL SHOULD BE THE PEOPLE'S ADVOCATE IN CONSUMER AFFAIRS. THIS IS A NATURAL RESULT OF THE 200-YEAR OLD HISTORY OF THE OFFICE OF ATTORNEY GENERAL: HE REPRESENTS ALL THE PEOPLE, NOT JUST THE STATE. THIS ROLE MAY INVOLVE GOING BEFORE A REGULATORY COMMISSION TO PROTEST A MULTI-MILLION DOLLAR RATE INCREASE, OR IT MAY INVOLVE HANDLING A COMPLAINT CONCERNING \$5.00 WORTH OF MERCHANDISE. AND I AM COMMITTED TO THE CONTINUATION OF THIS ROLE.

ON THE OTHER HAND, I AM EQUALLY COMMITTED TO THE BELIEF THAT CONSUMER PROTECTION IS NOT THE EXCLUSIVE BUSINESS OF THE GOVERNMENT. WHEN WE DRAFTED A CONSUMER PROTECTION LAW, WE MADE SURE THAT IT PROVIDED SPECIFICALLY FOR INDIVIDUAL CIVIL SUITS AND FOR TREBLE DAMAGES. WE WILL CONTINUE TO HANDLE COMPLAINTS,

BUT I HOPE THAT OUR SHARE WILL DECREASE AS PRIVATE ATTORNEYS HANDLE MORE.

I'M AFRAID THAT IN THE PAST WE ENCOURAGED CONSUMER FRAUD IN NORTH CAROLINA AND ELSEWHERE BY OUR INACTION. WE LAWYERS SOMETIMES HAVE BEEN TOO BUSY TO BOTHER WITH COMPLAINTS INVOLVING PETTY SUMS OF MONEY. IT SIMPLY DOESN'T PAY TO HANDLE MOST OF THESE, AND AN ATTORNEY WHO HANDLES SUCH CASES OFTEN CAN'T EVEN MEET EXPENSES UNLESS HE CHARGES HIS CLIENT MORE THAN THE CASE IS WORTH TO THEM. BUT THESE RELATIVELY "NICKLE AND DIME" COMPLAINTS CAN ADD UP TO A VAST PATTERN OF FRAUD AND DOLLARS IN THE POCKETS OF THE UNSCRUPULOUS. IF WE LOVE AND RESPECT THE FREE ENTERPRISE SYSTEM, WE HAVE AN OBLIGATION TO STAND UP AGAINST THESE DISHONEST OPERATORS, WHO ARE CAPABLE OF UNDERMINING THE MORAL AND ECONOMIC BASIS OF CONSUMER TRANSACTIONS. ATTORNEYS IN PRIVATE PRACTICE MUST GIVE THEIR HELP AND YOU CAN ENCOURAGE THEM TO DO SO. SOME OF THE BEST LAWYERS IN TOWN ARE RETAINED BY YOU. TALK TO THEM AND SOLICIT THEIR HELP.

WE IN THE ATTORNEY GENERAL'S OFFICE WILL CONTINUE TO DO OUR PART BUT WE MUST HAVE YOUR INTEREST AND SUPPORT.

WHEN ATTORNEYS GET INTO THESE MATTERS, THEY USUALLY FIND, AS WE HAVE, THAT YOU SELDOM HAVE TO GO TO COURT. THE VAST MAJORITY OF COMPLAINTS IN NORTH CAROLINA AND OTHER STATES ARE SETTLED THROUGH NEGOTIATION - USUALLY ONE LETTER OR PHONE CALL IS ENOUGH. HONEST BUSINESSMEN LIKE YOU WANT TO CORRECT A PROBLEM, AND THE DISHONEST BUSINESSMAN DOESN'T WANT THE PUBLICITY

AND EXPENSE INVOLVED IN A SUIT.

ATTORNEYS, OF COURSE, ALSO WILL BE CALLED ON TO DEFEND THOSE AGAINST WHOM COMPLAINTS ARE BROUGHT OR SUITS FILED. IN THIS ROLE, TOO, THEY CAN WORK TO ACHIEVE COMPLIANCE WITH THE LAW AND RESTORE PUBLIC CONFIDENCE IN BUSINESS.

BANKERS CAN DO MUCH TO IMPROVE THE IMAGE AND THE PERFORMANCE OF THEIR PROFESSION.

IN THIS INSTANCE, AS IN ALMOST EVERY CASE, YOU CAN'T HELP SOMEONE UNLESS YOU FIRST HAVE HIS CONFIDENCE. TO BE PERFECTLY HONEST, WE MUST ADMIT THAT BANKERS, TO SOME DEGREE, HAVE LOST THE CONFIDENCE OF THE CONSUMING PUBLIC - THE PEOPLE THEY THEORETICALLY ARE DEDICATED TO SERVING.

YOUR PROFESSION HAS RECOGNIZED THAT IT HAS A PUBLIC RELATIONS PROBLEM AND HAS LAUNCHED EFFORTS TO CORRECT IT.

BANKING HAS BECOME A BIG BUSINESS IN NORTH CAROLINA. IF YOU DON'T BELIEVE IT, ALL YOU HAVE TO DO IS WALK DOWN FAYETTEVILLE STREET IN RALEIGH AND SEE THE BIG NEW BUILDINGS WHICH NOW FORM THE HUB OF THE UPTOWN BUSINESS DISTRICT. FAYETTEVILLE STREET IS NO LONGER A SHOPPING DISTRICT; IT IS A FINANCIAL DISTRICT.

CONTRAST THIS WITH THE SMALL TOWN BANK, LIKE MANY OF YOU

THANKFULLY STILL OPERATE, THE ONE-STORY BUILDING LOCATED ON THE CORNER IN THE LOCAL BUSINESS AREA AND RUN BY A LOCAL MAN WHO EVERYONE CONSIDERS A FRIEND AND NEIGHBOR. CONTRAST THESE HUGE BUSINESS INSTITUTIONS OF FAYETTEVILLE WITH THE SIMPLE, "WE-ARE-ALL-ONE-BIG-FAMILY" APPROACH WHICH ONCE EXISTED BUT NOW APPEAR TO BE VANISHING IN MOST OF OUR TOWNS AND YOU WILL SEE ONE OF THE PROBLEMS THE BANKING PROFESSION HAS IN HELPING THE CONSUMING PUBLIC.

MANY PEOPLE, PERHAPS MOST OF THE PEOPLE, WHO ARE NOT ENGAGED IN FINANCIAL DEALINGS ON A DAY-TO-DAY BASIS, ARE AWED BY THE SIZE OF MANY OF OUR PRESENT-DAY BANKS AND THE INSTITUTIONAL PROCEDURES WHICH APPEAR MORE AND MORE TO BE RED TAPE AND OBSTACLES TO SERVING THEM. RECENT RADIO ADVERTISEMENTS WHICH TALK OF SMILING TELLERS AND HELPFUL CUSTOMER SERVICE PERSONNEL ARE STILL NOT ENOUGH TO CONVINCING THE ORDINARY CONSUMER THAT THE BANK IS A PLACE HE CAN GO WHEN HE HAS PROBLEMS AND EXPECT INDIVIDUAL AND UNDERSTANDING TREATMENT.

FORTUNATELY, THE PORTION OF THE STATE YOU SERVE IS CHARACTERIZED BY SMALL TOWNS AND, I BELIEVE, BASICALLY FRIENDLY AND HELPFUL PEOPLE. BUT THE DISAPPEARANCE OF SMALL, INDEPENDENT BANKS AS THEY ARE MERGED INTO LARGE CHAINS REQUIRES THAT YOU MAKE A CONSCIOUS EFFORT TO RETAIN THESE QUALITIES. I FEAR THEY TOO OFTEN ARE DISCARDED IN THE NAME OF EFFICIENCY AND UNIFORMITY.

THERE IS ONE INDICTMENT WHICH IS EQUALLY APPLICABLE TO

BOTH MY PROFESSION AND YOURS. WE BOTH HAVE BECOME SO BUSY AND SO CAUGHT UP IN OUR WORK THAT OFTEN WHEN HELPING THOSE WHO COME TO US, WE FAIL TO TAKE THE TIME TO EXPLAIN TO THEM WHAT WE IN FACT ARE DOING FOR THEM. WE DO EVERYTHING REASONABLY POSSIBLE FOR THEM BUT FAIL TO TAKE TIME TO EXPLAIN WHAT HAS OCCURRED.

I HAVE OFTEN SAID THAT WE MUST NOT ONLY BE JUST IN OUR DEALINGS BUT WE MUST APPEAR TO BE JUST IN OUR DEALINGS. IF WE HAVE DONE THE BEST BY SOMEONE THAT WE CAN AND YET HE FAILS TO PERCEIVE THAT WE HAVE DONE SO, HE STILL GOES AWAY DISSATISFIED AND SURE HE HAS GOTTEN A RAW DEAL.

YOU SIMPLY MUST TAKE ALL THE TIME REQUIRED TO EXPLAIN TO CUSTOMERS EVERYTHING POSSIBLE TO CONVINCING THEM YOU HAVE PERFORMED YOUR DUTIES IN A PROFESSIONAL WAY AND ARE, IN FACT, CONCERNED ABOUT THEIR PROBLEMS OF THE MOMENT. OTHERWISE WE FAIL TO INSPIRE CONFIDENCE; RATHER, WE CONTINUE TO GRADUALLY DESTROY PUBLIC CONFIDENCE.

AS YOU KNOW, SOME INDUSTRIES IN OUR NATION ARE NOW GOING ALL OUT TO MAKE SURE THEIR CUSTOMERS HAVE A WAY TO REGISTER COMPLAINTS AND AT LEAST RECEIVE ANSWERS TO THE QUESTIONS THEY RAISE ABOUT PRODUCTS AND SERVICE. I BELIEVE THE BANKING PROFESSION CAN DO A LOT MORE THAN IT HAS DONE IN THE PAST IN THIS AREA.

EVERY BANK IN THIS STATE HAS EXPERTS IN MATTERS OF FINANCE AND INTEREST RATES BUT NOT MANY HAVE MADE THESE PEOPLE AVAILABLE



TO ANSWER THE QUESTIONS OF THE CONSUMER PUBLIC. ALL THE LAWS OF THIS NATION CANNOT LEGISLATE THE UNDERSTANDING WHICH COMES FROM AN INTERESTED AND COMPASSIONATE EMPLOYEE WHO IS WILLING TO TAKE THE TIME TO TALK TO A CUSTOMER AND EXPLAIN IN TERMS HE CAN UNDERSTAND WHAT IS HAPPENING IN A FINANCIAL RELATIONSHIP BETWEEN A LENDER AND A BORROWER.

IN MY OPINION, BANKS SHOULD MAKE THEIR "COMPLAINT DEPARTMENTS" MORE VISIBLE; CUSTOMERS OUGHT TO KNOW THE MOMENT THEY WALK IN THE FRONT DOOR WHERE THEY CAN GO FOR HELP. BIG DESKS AND PLUSH CARPET SHOULD NOT BE ALLOWED TO STAND IN THE WAY OF COMMUNICATIONS BETWEEN BANK PERSONNEL AND THE LITTLE MAN WHO WALKS IN OFF THE STREET. BANK PERSONNEL SHOULD DROP FORMALITIES AND GET MORE ON THE WAVE LENGTHS OF THEIR CUSTOMERS. PERHAPS WE ALL NEED TO DO THAT MORE.

THANK YOU FOR ALLOWING ME TO TALK WITH YOU TODAY ABOUT A TOPIC IN WHICH I HAVE A GREAT DEAL OF PERSONAL INTEREST. IT IS A PRIVILEGE FOR ME TO BE WITH YOU AND I HOPE THAT MY COMMENTS WILL AT LEAST PROMPT SOME DISCUSSION AND A FRESH EXAMINATION OF THE BANKS RELATIONSHIP WITH THE CONSUMER.