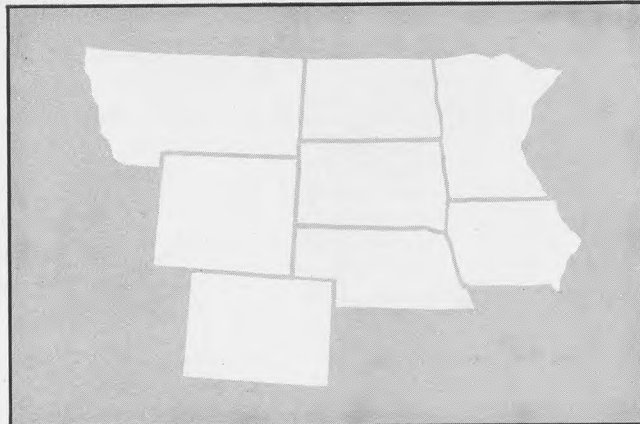


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 965

Des Moines, Iowa

April 18, 1966

The Case for Lower Interest on Savings

"Country banks are currently in a better liquidity position than most of their city cousins despite the fact that farm loan demand is in one of its heaviest periods at this season."

This statement was made by Joe H. Gronstal, president of the Carroll County State Bank, Carroll, Iowa, at the Spring Banking Conference held last week by the Iowa Bankers Association in Des Moines.

Making a case for holding the line on interest rates on time deposits, Mr. Gronstal based his arguments on his experience in Carroll, a city of 7,800, located in a rich cattle feeding area in western Iowa.

When many of the nation's banks went to 4% on time deposits in December, 1960, the Carroll County State Bank decided not to raise the interest rate. The bank was paying 2% on CD's and on passbook savings. Time deposits at year-end, 1960, were \$1,600,000, representing 24% of the bank's total. Five years later, on December 31, 1965, time deposits were \$1,100,000, representing 15.7% of the total. Mr. Gronstal says, "We are not unhappy with our situation." There is one other bank in the city, Commercial Savings Bank, and it has experienced a similar trend, paying the same rate of interest.

Mr. Gronstal continued, "We have not turned down any loans because of lack of funds and until

we run out of loanable funds we won't change our interest rates. On December 31, 1965, war loan ratio was 63%, and we have a reasonable amount of classified paper. A year ago, our loan ratio was 73% of deposits."

As Mr. Gronstal sees the current problem, it has basically been created by the bankers themselves. He said that many banks jumped the rate to 4% in 1960 in order to compete with the savings and loan associations. This same reasoning cannot be used to justify the more recent rate increases.

Mr. Gronstal concluded his remarks by warning the bankers that they should not be in a position of buying liquidity. He feels that a bank in a non-branch area should concern itself with serving the credit needs of its own trade area and not try to attract additional money so as to make investments outside of its territory. Mr. Gronstal is a former superintendent of banking in Iowa, and is well-known through his work as a director of the National Association of State Bank Supervisors.

NATIONAL NEWS

NEW YORK: First National City Bank raised its posted rate on one-year negotiable CD's to 5½%, the maximum permitted under Federal Ceilings. The bank was the first to post this official rate, and

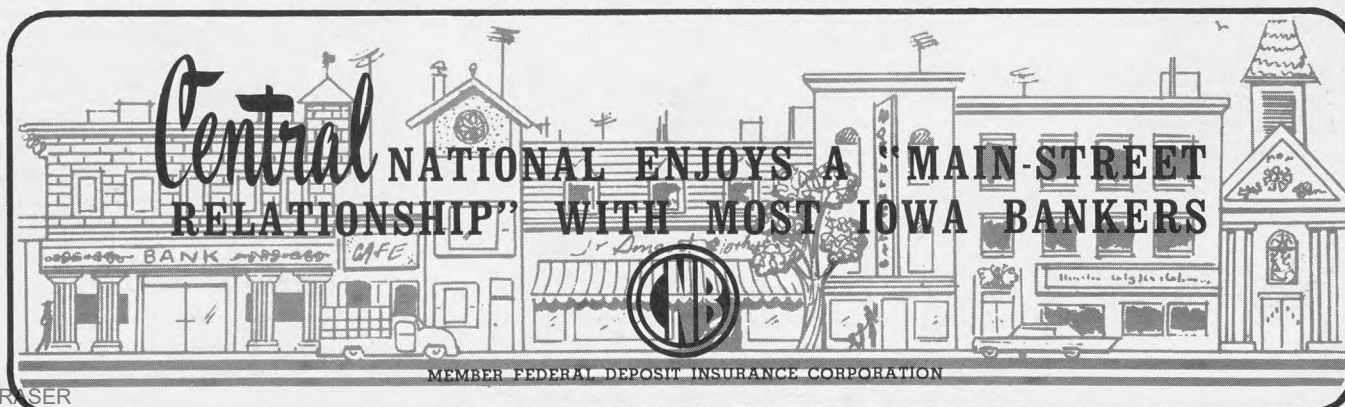
it was reported that one \$10 million corporate account changed hands after having earned 5-3/8% at another major New York bank.

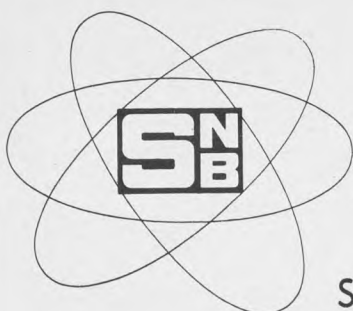
NEW YORK: Joseph C. Wilson, president and general manager of Xerox Corporation, has been elected to the board of First National City Bank.

PARK RIDGE, ILL.: Dr. Lawrence Tidrick has resigned as director of research division of NABAC.

PHOENIX: Murray Kyger, chairman, First National Bank of Fort Worth, has been elected president of the Association of Reserve City Bankers at the organization's annual meeting. Philip H. Nason, president, The First National Bank of Saint Paul, was named the organization's vice president. It is traditional for the association's vice president to be elected to the presidency the following year which would mean that Mr. Nason will be named president a year from now. Directors elected to three-year terms were: William M. Jenkins, chairman, Seattle-First National Bank; John A. Moorhead, president, Northwestern National Bank of Minneapolis; Ellmore C. Patterson, executive vice president, Morgan Guaranty Trust Company, New York, and Norfleet Turner, chairman, First National Bank of Memphis. H. Stephen Chase, president, Wells Fargo Bank of

(Continued on back page)





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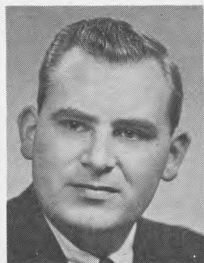
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WINTERSET: Gerald C. Cornick has resigned as assistant vice president of the Union State Bank. His future plans have not been announced.

NEBRASKA NEWS

BEATRICE: John B. Dando, vice president, has been named vice president and cashier at First National Bank & Trust Company.

CLEARWATER: Controlling interest in the Citizens State Bank of Clearwater has been sold by H. D. Miller, president and cashier. Buying the interest was Eldon G. Freudenburg of West Point, who owns other banking interests in northeastern Nebraska. The transaction is effective May 1.

KEARNEY: Platte Valley State Bank & Trust Company has been granted trust powers by the FDIC.

LINCOLN: A petition in error has been filed in Lancaster county district court aimed at stopping the issuance of a state bank charter for the proposed South Roads Bank of Bellevue. The action was brought by the Bank of Bellevue. It provides a court review of a ruling made by Henry E. Ley just before he resigned as state banking director on March 11 to run for governor.

Banking Director Byron Dunn has disclosed that a motion for a rehearing has been submitted on the charter issued to the Beatrice State Bank. The request was filed by the First National Bank of Beatrice, and Mr. Dunn said he will deny the motion.

OMAHA: William E. Hargleroad, Jr., 70, former president and majority owner of The Center Bank, died Saturday, April 9, after an extended illness. He had also served as president of The Clarkson Bank and vice president of the Farmers and Merchants Bank, Schuyler.

SUPERIOR: Donald A. Hansen, president, Security National Bank, has purchased controlling interest in the Kansas State Bank, Garnett, Kansas. Mr. Hansen will continue to head the bank in Superior. Clayton Sack, assistant vice president of the Security National, will move to Garnett to manage the bank.

MINNESOTA NEWS

COON RAPIDS: Arnie Bauer has been named vice president of the First State Bank and vice pres-

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ident of the First State Insurance Agency. He has been with Community State Bank, Bloomington.

HASTINGS: Eldridge L. Peters, president of the First National Bank, has been named vice president of the Independent Bankers of Minnesota. President of the 450 member organization is Gordon C. Donnelly, cashier, State Bank of Wheaton.

LANESBORO: Vincent C. Sand, 56, president of the Lanesboro State Bank, died recently of a heart condition in Grandview Hospital, LaCrosse, Wisconsin.

MINNEAPOLIS: George A. MacDonald, vice president of the First National Bank of Minneapolis, has been named head of the bond investment department. He replaces George Schaust, retired.

MINNEAPOLIS: Phillip C. Carlson has been named auditor of First Bloomington Lake.

TWO HARBORS: Paul A. Essen, 72, retired chairman of the board of the Commercial State Bank, died recently in Sun City, Arizona.

NORTH DAKOTA NEWS

ENDERLIN: V.F. Hegeholz, president, and his brother, R. Dean Hegeholz, vice president, Peoples and Enderlin State Bank, have sold their controlling interest in the bank to James E. Barnes of Huron, South Dakota, and A. William Spiry of Britton, South Dakota. V.F. Hegeholz has agreed to remain, for some time, as manager of the bank. Arley Watne has been advanced to executive vice president and Gary Haskins and Dale Streyle have been named assistant cashiers. As was reported last week, V.F. Hegeholz, a former president of the North Dakota Bankers Association, has purchased the stock in the Clay County State Bank, Dilworth, Minnesota.

KINDRED: Glen Pfeifer has been

named cashier of the Kindred State Bank, according to Ralph L. Trom, president. Mr. Pfeifer, a former resident of Valley City, has served for the past five years as a deputy bank examiner for the state of North Dakota. A native of Buffalo, he was formerly associated with the First State Bank there.

SOUTH DAKOTA NEWS

MITCHELL: Commercial Trust and Savings Bank has named Donald D. Ditmanson as agricultural representative. He was formerly assistant county agent for Davison County, South Dakota.

MONTANA NEWS

WHITEHALL: Ted Vanover has joined the Whitehall State Bank as assistant cashier. He was formerly with Security Bank of Butte and Lincoln Security Bank, Libby.

COLORADO NEWS

DENVER: Larry Day has been named assistant vice president of operations at the American National Bank of Denver, according to J. E. Montague, president. Mr. Day was previously auditor of the First National Bank of Lander, Wyoming, and cashier of the First National Bank of Riverton, Wyoming.

FRISCO: The Summit County Bank has been opened for business here, according to Harry Bloom, Colorado bank commissioner. The bank--first and only bank in Summit County--is located in the rapidly-



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developing recreational area around the recently-completed Dillon Dam and Reservoir. Opening of the bank leaves Colorado with six counties which have no commercial banks.

WYOMING NEWS

GUERNSEY: Chester Frederick has been named president of The Oregon Trail Bank, replacing Robert L. Winship, resigned.

JACKSON: Leo Chase has been named cashier of the Jackson State



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Bank. He was formerly from Wheatland, serving as executive vice president of The Stock Growers Bank. Don Jording, supervisor for Farmers Home Administration in Wheatland, will replace Mr. Chase.

LATE NEWS...

DES MOINES: Ron Fenton has been promoted to vice president and trust officer at Bankers Trust Company. He succeeds David Baker as head of the department. Mr. Baker resigned recently, as reported earlier, to join an Arizona bank. Gordon Dodge has been advanced to assistant vice president in the correspondent bank department.

NATIONAL NEWS

(Continued)

San Francisco, was elected to a two-year term and John S. Fangboner, president, The National City Bank of Cleveland, was elected to a one-year term.

ST. JOSEPH: Correspondents of the First National Bank, St. Joseph, will be entertained at a correspondent get-together on Wednesday, April 27. Peter Palmer and his orchestra will be a feature attraction.

WASHINGTON, D.C.: In a move designed to attract more money to the field, the government has raised the interest rate of new FHA and GI home loans from 5½ to 5¾%.

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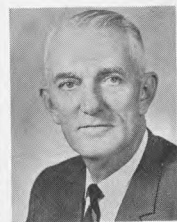
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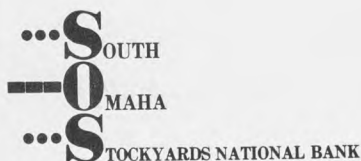
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