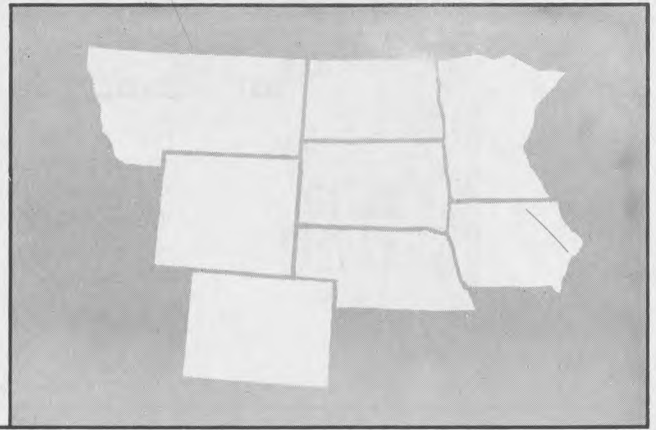


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



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Des Moines, Iowa

May 1, 1967

Full Scale Charge Cards--Pros and Cons

An urban market of at least one million people that can generate a minimum of 100,000 charge cards is the ideal situation for a bank considering a major move into the credit card field.

This comment was made by Ralph Schreiber, vice president, Bank of America, N.A., San Francisco, as he appeared before the Annual Instalment Lending Conference held by the Iowa Bankers Association in Des Moines last week.

Reflecting on this statement, it would seem that few banks in the Upper Midwest would be in a position to start their own charge card system or to become fully licensed members of a national or regional charge card system.

The alternative to this—if a bank still wants to handle a full scale charge card plan—is to affiliate with a larger bank as an agent. Under this plan, according to Mr. Schreiber, a bank can be located in a community of nearly any size. At this point, the volume from the smaller bank becomes a part of the volume of the licensed member, who in turn holds a “franchise” from one of the major systems, such as BankAmericard, Midwest Bank Card, or Interbank Card.

Profits are in volume, and if

a bank could generate 25,000 cards, experience has proven that only about 20% of the cards are used regularly... or a total of 5,000 active cards. About 40% of this total pays outstanding bills in the required 25 days, so income would be received from only about 3,000 cardholders out of 25,000.

The statutory provision of a maximum 1% interest rate per month, which is prevalent in a number of the states in the Upper Midwest, has been a deterrent to the growth of the full scale charge card plans. Bills have been introduced in the legislatures of several of the *Northwestern Banker* states to increase the rate to 1½%—but face stiff opposition from oil companies and other competing financial institutions. Charge card systems are being operated successfully in some sections of the nation on the basis of .1% per month charge on the unpaid balance, and Mr. Schreiber gave Philadelphia National Bank as an example. In this instance, the charge to merchants is adjusted to make up at least a part of the difference.

Concluding his talk, Mr. Schreiber told bankers to ask themselves three questions before going ahead with a charge card plan: (1) Which plan do you feel best suits your

market? (2) Is the market ready for this type of plan, and (3) Is your bank ready to start this plan?

He warned that even though charge cards can be highly profitable, they do have other uses. They can be cut up, for example, and used as collar stays. And—according to Mr. Schreiber, we may have a lot of collar stays before the charge cards become a universal success.

NATIONAL NEWS

CHICAGO: Pioneer Chicago financier Lawrence F. Stern, 78, died last week. Active in investment banking circles from 1924, Mr. Stern was named chairman of the executive committee and director of the American National Bank in 1939. In 1940 he was elected president and chief executive officer until 1963 when he was again named chairman of the executive committee.

CHICAGO: Roscoe G. Haynie, chairman, president and chief executive officer of Wilson & Company, has been elected to the board of the National Boulevard Bank.

NEW YORK: Paul Luftig has been promoted from assistant vice president to vice president at Bankers

(Continued to back page)



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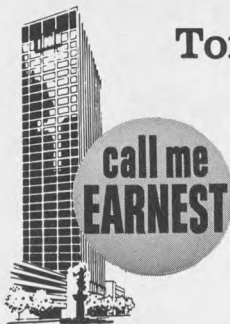


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IOWA NEWS

BOONE: Boone State Bank and Trust Company has been granted approval by the State Banking Board to operate a parking lot office at 1326 South Story Street.

CLINTON: Myron Weil, executive vice president of the National Bank of Commerce, Lincoln, Nebraska, has been elected president and chief executive officer of the First National Bank. He succeeds Bruce Townsend, who moves to chairman of the board. The changes become

effective May 15. The change is the second at the First National in recent months. Last November, a group, headed by Paul D. Dunlap, president of the Houghton State Bank in Red Oak, and J. G. Leahy, president of the Lyon County State Bank in Rock Rapids, purchased a "substantial, but not controlling amount" of stock in the bank.

DAYTON: At the Iowa State Bank and Trust Company, W. B. Johnson has been promoted from assistant cashier to assistant vice president.

DES MOINES: The Iowa-Des Moines National Bank has announced the creation of a new Computer Sales Department headed by Dale Luckow, assistant vice president. He will be assisted by Bernard H. Kersey. The department will work with banks to aid them in setting up their operations on EDP equipment.

ELDORA: The new building for the First National Bank is now scheduled for completion in July and opening activities will be held at that time.

SAC CITY: Frank Strain of Lytton has rejoined the Sac City State Bank after two years of service in the army.

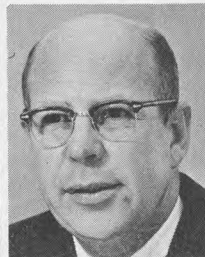
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NEBRASKA NEWS

BELLEVUE: Colonel Ellsworth L. Merkel has been named vice president and director of the Bank of Bellevue. Recently retired from the air force, Colonel Merkel will manage the facility at Offutt Air Force base and supervise bank services as they pertain to the military.

HOLDREGE: First National Bank held open house recently to mark completion of a remodeling project.

HILDRETH: Remodeling of the State Bank of Hildreth has been completed.

LEXINGTON: William Orcutt has joined the Lexington State Bank succeeding David Stubbs who will be an assistant bank examiner with the State Department of Banking.

OMAHA: The 70th Annual Convention of the Nebraska Bankers Association runs from May 7 to May 9 at the Sheraton-Fontenelle Hotel. Registration begins at 2:00 p.m. on May 7.

OMAHA: Marvin Werve, senior vice president of the Omaha National Bank, has been named by President Johnson to serve as an adviser on the United States delegation to the 48th session of the Council of Food and Agriculture Organization to be held in Rome.

OMAHA: Charles Masilko, senior vice president of the South Omaha Stockyards National Bank, was honored at the annual Stockyards "400 Club" Recognition Banquet recently. This is the manner in which the livestock industry gives tribute to its people who began with the industry and are still active today.

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STANTON: Exterior and interior remodeling of the First National Bank has been completed and an open house was held to note the event.

VALENTINE: L. C. Beel, Jr., prominent western Nebraska rancher, has been elected to the board of the First National Bank.

MINNESOTA NEWS

COLUMBIA HEIGHTS: Karl K. Stotesbery has been appointed executive vice president of the Columbia Heights State Bank. He has been vice president of the Brooklyn Center State Bank.

MINNEAPOLIS: Vernon P. Weyhrich has been elected chairman of the Minnesota Bankers Life Insurance Company. Succeeding Mr. Weyhrich as president is Raymond E. Dana, who was formerly vice president and general counsel.

Mr. Weyhrich is also president of Farmers State Bank of Lake Benton, Minnesota, and Farmers State Bank of Pierson, Iowa.

MINNEAPOLIS: Two new directors have been elected by North Shore State Bank at Wayzata. They are Winton Jones, president of Cedar Lake Corporation, and William Bollenbach, president of Universal Oil Products Company.

VERNDALE: First National Bank will hold open house on May 6 to observe completion of an enlargement and remodeling program, plus the observance of its 85th anniversary. The bank purchased a building adjacent to the bank with about 1,600 square feet of space and joined it to the original building. An entire new front of brick and glass was added to the joined buildings.

SOUTH DAKOTA NEWS

EDGEMONT: Verle R. Anderson has been named agricultural representative and assistant vice president of the South Hills Bank. He has been with the Soil Conservation Service at Herried.

ESTELLINE: Fred Beskow, 89, chairman of the board of the Farmers State Bank, died recently. He had been president of the bank and predecessor banks in South Shore and Strandburg since 1920. He relinquished the presidency and became chairman in 1964.

WHITE LAKE: Melvin S. Frederickson, vice president and manager of the White Lake Branch of the Farmers & Merchants State Bank of Plankinton, was honored recently for 25 years of service to the bank.

MONTANA NEWS

BILLINGS: Midland National Bank has announced the election of Joseph S. Sample to the board of directors. He is president of Garryowen Broadcasting System, which operates radio and TV stations in Billings and Butte; vice president of Skyline TV Network, Idaho Falls; and a director of Brooks-Scanlon, Inc., lumber manufacturer headquartered in Minneapolis.

GREAT FALLS: Charles W. Rubie, president and chief executive

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officer of the Bancorporation of Montana has announced attainment of new highs by the corporation. Total consolidated resources as of December 31 exceeded \$50 million for the first time -- up 12.4% over 1965. Continued progress is indicated by plans to acquire four banks in the state in the near future.

WYOMING NEWS

DOUGLAS: The First National Bank was the site recently of the Northeast Wyoming Group II meeting, Wyoming Bankers Association. New officers elected are: president -- T. L. Steward of Wyoming National Bank, Casper; vice president -- Robert C. Templeton, Lusk State Bank; and secretary-treasurer -- Donald P. Kraen, Wyoming Bank & Trust Company, Buffalo.

JACKSON: Howard J. Baker has been appointed loan officer of the Jackson State Bank. He comes to Jackson from the First National Bank of Laramie where he was auditor.

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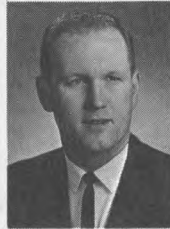
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William L. Scoggins, auditor, Greeley National Bank; and treasurer--James R. Cameron, cashier, Colorado Springs National Bank.

DENVER: Denver U. S. Bancorporation, Inc. had its best first quarter in history with consolidated net operating income up 41% over last year.

BULLETINS...

HASTINGS, NEBR.: The annual Nebraska Bankers Association President's Golf Tournament will be held May 24 at the Lochland Country Club here. Play starts at 10:00 a.m. with a buffet luncheon at noon and social hour and banquet in evening. Reservations should be forwarded to NBA offices in Omaha.

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Trust Company. He is in charge of the profit and control division of the bank's Metropolitan Banking Department.

Promoted to assistant vice presidents were George P. Di Nardo, operations; Joseph E. Martin, metropolitan banking; and David R. Van Steenburgh, public relations.

NEW YORK: Donald C. Berry, Jr., and F. Danby Lackey, III, have been promoted to vice presidents by the Chase Manhattan Bank. Both are in the fiduciary investment department.

WASHINGTON, D.C.: President Johnson is reportedly planning to nominate William W. Sherrill, now FDIC Director, to the board of governors of the Federal Reserve System.

WASHINGTON, D.C.: The Federal Reserve Board has asked Congress for limited authority over all state banks whose deposits are insured by the Federal Government. In renewing a request made the last

two years, the board said it should have power to fix reserve requirements for all banks with insured deposits.

COLORADO NEWS

DENVER: The Colorado National Bank has organized Colorado CNB Bankshares, Inc., and has asked the Federal Reserve Board to permit it to formally acquire two affiliates--the Northeast Colorado National Bank and the South Colorado National Bank.

Also at the Colorado National, Ronald M. Stephens has been named an operations officer and Alan A. Jones has been promoted to assistant vice president.

DENVER: John D. Rankin, vice president, cashier and director of the Broomfield Bank, is the new president of the Denver Chapter of NABAC. Other officers are: vice president--Richard C. Kennedy, vice president and cashier, American National Bank; secretary--

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