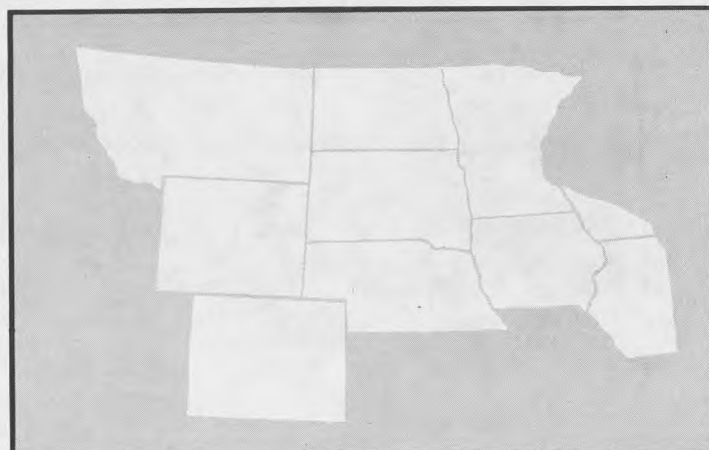


# NORTHWESTERN Banker

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Des Moines, Iowa

October 14, 1968

## Will Banks Forfeit Farm Credit?

*The following excerpts were taken from a talk made at the American Bankers Convention by Monroe Kimbrel, president, Federal Reserve Bank, Atlanta, on the subject, "Will Banks Forfeit Farm Credit?"*

"Many rural banks may experience real difficulty meeting the larger credit needs that will accompany the expanding capital requirements for agriculture. They will continue to be plagued by problems of seasonally declining deposits at the very same time that demands for loans to farmers are increasing. While all of this is occurring, bankers who supply credit to farmers are probably going to find businesses and consumers also clamoring for more funds.

"Because of these handicaps, should bankers abandon the farm loan market entirely? Or, if they do not abandon farm lending altogether, should they be content with what is left after other lenders have taken their pick? I believe the answer is, "No."

"In the short-run, some banks may gain more from high-return

installment loans than from agri-business and farm credit. However, this short-run gain could turn into a long-run loss.

"There are two possible general directions from which help can come to bankers wanting to maintain and improve their farm lending positions: from outside the commercial bank and from within the commercial bank.

"From outside the commercial bank help may come from a proposed change in Federal Reserve discount policy. Most of you are aware that the Federal Reserve System has recently completed an extensive reappraisal of the Federal Reserve discount mechanism. In the process, it gave special attention to the problems of bankers closely identified with the provision of credit to agriculture.

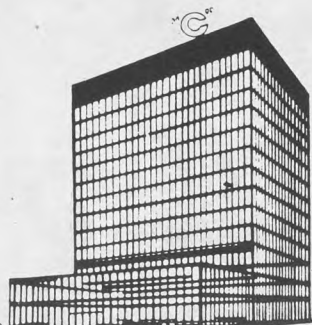
"The recently issued report on this reappraisal contains two provisions that, if adopted, can help banks lending to farmers. At the present time, the proposals are being discussed within the banking system and elsewhere.

"Both of the proposals that affect banks specializing in lending to farmers are designed to reduce the need to maintain as high liquidity as in the past and thus to make it possible for the banks to divert more of their resources to farm loans. One proposal provides for a basic borrowing privilege which will enable the banks to adjust with greater facility to frequent but irregular deposit flows.

"A provision especially useful to rural banks provides that those banks that experience deposit and loan levels varying in clear seasonal patterns, can negotiate for longer term credit up to nine months with the Federal Reserve Bank.

"The rural banker, some persons suggest, might also be given aid through plans such as the formation of an institution for banks resembling a regional Federal immediate credit bank; however, this kind of arrangement does not seem imminent.

"No matter how much help is offered from outside the commercial banks in order to make it easier for them to meet the demands for farm credit, action  
(Continued on page 6)



### For Correspondent Cooperation ...

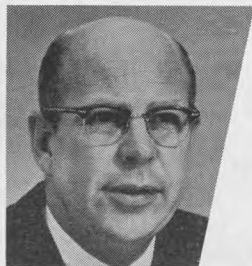
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### IOWA NEWS

**ARCHER:** William Engeltjes has been named manager of the Security State Bank office here, succeeding William C. Haht, who died recently. Mr. Engeltjes has been associated with the Ankeny National Bank for the past year.

**DES MOINES:** A new parking lot office was opened last week by Iowa-Des Moines National Bank at East 25th and Euclid. A pre-fab unit is being used pending construction of a permanent office.

**FORT DODGE:** The First National Bank has acquired land near the corner of Tower Drive just north of U. S. Highway 20 for future bank

expansion. No decision has yet been made as to when the new bank facility will be constructed.

**GLENWOOD:** John Dean, president of Glenwood State Bank, reports that work is progressing on the bank's expansion and remodeling program. The adjacent building is being incorporated into the bank structure to provide drive-through banking. Present quarters are being remodeled and the vault area has been expanded. F. E. Davenport Co., Omaha, is installing additional safe deposit boxes. Structural Designs of Holstein, Ia., is architect for the job.

**KALONA:** Open house will be held at the Kalona Savings Bank's new building tomorrow, October 15.

**LaPORTE CITY:** Glen Altfillisch of Webster City has been named assistant vice president of the LaPorte City State Bank. For the past two years, he has been associated with the State Banking Department as an assistant bank examiner in the Webster City area.

**MALLARD:** John M. Blake has been named manager of the Mallard office of the Palo Alto County State Bank. He is a former instructor at Pocahontas Community High School.

**MAQUOKETA:** The Maquoketa State Bank recently observed its 10th anniversary with a six-day celebration.

**PERSIA:** John D. Willard, 69, president of Home Savings Bank of Persia, died October 7 in a Council Bluffs hospital. He had been in the banking business for more than 50 years.

**PRINCETON:** Mrs. Glen Suiter, wife of the president of the Farmers Savings Bank here, died recently after being struck by a train as she walked across railroad tracks near her home.

**WATERLOO:** The Peoples Bank and Trust Company recently observed its 25th anniversary with a week-long celebration.

### NEBRASKA NEWS

**LINCOLN:** The First National Bank and Trust Company has been named an agent for BankAmericard by the BankAmerica Service Corporation.

**NORFOLK:** The State Director of Banking has denied an application for a third bank charter in Norfolk. The application had been filed by the Bank of Norfolk, which was to have been located in the Sunset Plaza Shopping Center. It would have been headed by Roy Dinsdale, president of the State Bank in Palmer, Nebr., and John Glandt, executive vice president of the National Bank of Neligh, Nebr.

**OMAHA:** The First Security Growth Fund, Inc., opened its doors for business last month and in less than two weeks the Fund is nearing the \$2 million mark in net assets. This figure marks it as the fastest growing mutual fund in this area. Charles F. Heider, president of the Fund, said total assets now stand at \$1,750,000.

**WAKEFIELD:** The Wakefield National Bank is undergoing complete interior and exterior remodeling.

### MINNESOTA NEWS

**BLOOMINGTON:** Eugene N. Axness has been elected assistant vice president of the Northwestern Na-



George Harnage

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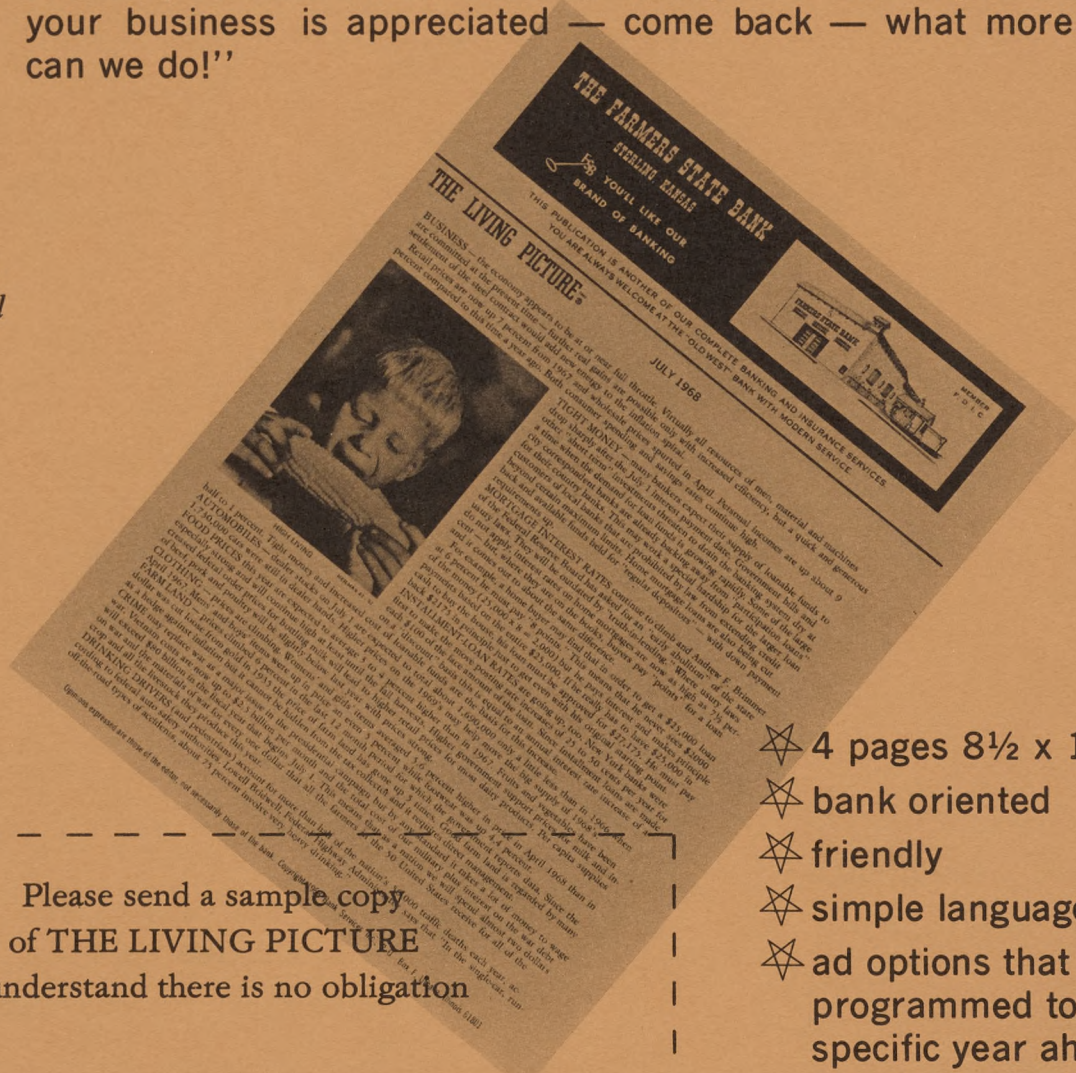
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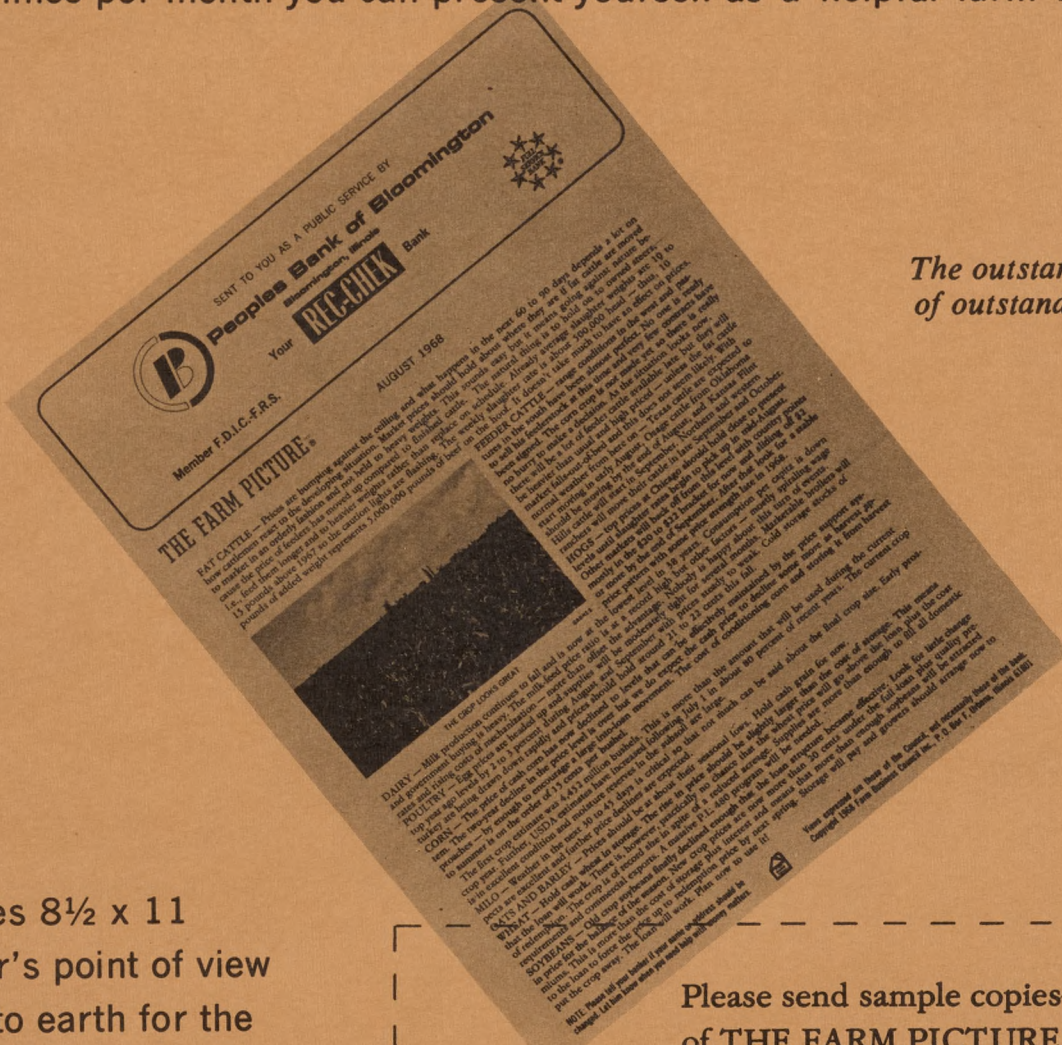
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tional Bank. He was formerly a correspondent banking officer at the Northwestern National Bank of Minneapolis.

**DULUTH:** Joseph G. Sellwood, recent chairman of the board of the Northern City National Bank, has died in a Duluth Hospital at the age of 66. Three generations of the Sellwood family held substantial interests in the City National Bank from 1906 until 1957, when that bank merged with Northern Minnesota National to form the present Northern City National Bank. Mr. Sellwood had been a Duluth business and civic leader for many years.

**ELMORE:** Charles Johnson has been named assistant cashier at the First National Bank. He has been employed by Control Data Corporation in Minneapolis for the past two years.

**HASTINGS:** Lawrence N. Conzemius has been named assistant cashier at the First National Bank of Hastings. For the past year and a half, he has been employed as operations officer at the First National Bank of San Jose, Calif.

**MINNEAPOLIS:** Wayne Anderson has been elected cashier at the Northeast State Bank. He joined the bank in 1963 and previously served as head bookkeeper, head teller and loan teller.

**MINNEAPOLIS:** The Minnesota Bankers Association will hold its 19th annual Junior Bank Officer and Staff Conference October 16-17 at the St. Paul Hilton Hotel. Over 600 delegates are expected to attend the two-day meeting.

**MORA:** The Peoples National Bank recently marked its 50th anniversary with a two-day celebration.

**ST. PAUL:** Dale E. Duper has joined the staff of Gamble's Continental Bank as commercial loan officer, a new position.

**STILLWATER:** The Cosmopolitan State Bank recently held an open house in its new bank building.

named assistant cashier at the First National Bank of Virginia. Mr. Erickson, formerly of Little Falls, Minn., recently joined the staff of the bank in the timepay department.

## NORTH DAKOTA NEWS

**BISMARCK:** Richard L. Parten, formerly a vice president and assistant trust officer of the First National Bank of Dickinson, has been named executive vice president and trust officer of the First American Bank and Trust Company of Bismarck. He replaces Wilbert L. Murray, who has resigned as executive vice president and has been named to the bank's board of directors.

**CARRINGTON:** James Stewart has joined the staff of the First National Bank. He has been an investments salesman here for the past two years and will now work in various departments at the bank and will also handle insurance.

## SOUTH DAKOTA NEWS

**ABERDEEN:** Arden Peterson, associated with the Aberdeen National Bank since 1963, has resigned to accept a position in the operations and customer service department of the First Minnehaha National Bank of Minneapolis.

**ABERDEEN:** Mel Breitag has been promoted to auditor of the First National Bank. He joined the bank in 1967 and has been working in the comptroller department.

**RAPID CITY:** James M. Schneider has been named executive vice president and director of Rushmore State Bank of Rapid City. He was formerly vice president with the

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## ILLINOIS NEWS

**ALSIP:** Mrs. Ora E. Smith has been named assistant cashier at the Alsip Bank. She was formerly supervisor in the customer accounting department at the Beverly Bank, Chicago.

**CHICAGO:** Harold Meidell, 58, chairman of the board of La Salle National Bank, died October 3, following a long illness. He joined the bank as a principal officer in 1946, assumed the bank presidency in 1956 and has been chairman of the board and chief executive officer since 1964.

**YORKVILLE:** Farmers State Bank has withdrawn its membership in the Federal Reserve.



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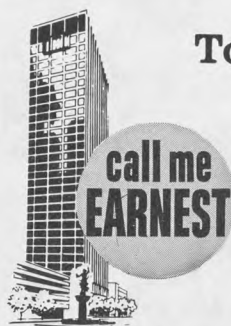
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### MONTANA NEWS

MISSOULA: E. R. Caster, cashier of Missoula Bank of Montana, has been advanced to vice president at the bank. He has been with the bank since it opened in 1964.

### WYOMING NEWS

CHEYENNE: The First Cheyenne State Bank opened for business October 1 at 8th and Warren Avenues. Grand opening will be held at the bank on October 15. Capitalized at \$350,000, the bank is the only state bank in Cheyenne. Byron Hirst is bank president, and Ralph L. Owen is vice president and cashier.

SHERIDAN: Work is scheduled to begin this fall on a new bank building for the First National Bank. The new building will provide drive-in facilities, parking,

new enlarged vaults, lobby and bookkeepers and officers areas. The new quarters will be built on property now owned and occupied by the bank.

### Farm Credit...

(Continued from page 1)

has to begin within the bank. The initiative must come from the executive offices and directors' rooms within the individual banks; it cannot come from the Federal Reserve or some government agency.

"A good many banks have already taken steps to meet more adequately the growing needs for farm credit. As a first step, some of them have as a matter of policy determined that they will maintain a substantial amount of their loans in the form of farm loans. In nonurban areas, other banks have actively solicited and obtained deposits of regional and national firms, agreeing in some

cases to service the trade accounts for the corporate depositor or take over the financing formerly done directly by the trade concern.

"A third avenue for improving farm lending has, of course, been an increase in the use of participation loans.

"Some banks can expand the type of services that attract deposits and good farm loans by developing a special professional staff and offering services such as automated record-keeping systems or guidance in tax planning.

"In any event, the final answer must come from top management at each bank if a bank is to be a leader in farm lending."

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