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## Small Banks Must Plan for Future To Survive

"The competitive pressures of the Seventies will bear especially heavily on small banks, and if they are to survive as viable, independent entities they have to begin planning now."

This is the warning presented recently by Nat S. Rogers, vice president of the American Bankers Association, and president of the First City National Bank, Houston. Mr. Rogers continues:

"The president of a small bank can't do a great deal of planning in the technical sense that the term is used in modern corporate life. But he can become more planning oriented, and he can outline a workable long-term plan for his bank.

"He can enlarge his day-to-day frame of reference to include a stronger emphasis on the future. Undoubtedly, he will have to act as his own research department, keeping abreast of developments which will influence the future of the banking industry, the economy, his state and his community. This broad background is an absolute necessity before he can approach decisions concerning the long-term future of his bank.

"But keeping informed isn't enough, for information is valuable only when put to use. He must



Nat S. Rogers

make up a master plan outlining the future of his bank for at least the next 10 years.

"Every bank should have a master plan. The plan formulated by the president of a small bank may seem a primitive effort when compared to its Bank of America counterpart, but that's of minor importance. Any plan is better than no plan at all, and when measured in terms of relative effectiveness in influencing the bank's future, the small bank's plan could easily turn out to be the more successful of the two.

"A plan is only as sound as its factual foundation. The more you know about your bank's present situation—markets, costs, competition—the more accurate your near-term planning and the more realistic your long-term planning. Seat-of-the-pants planning usually turns out to be an exercise in wishful thinking.

"There is a tendency to overlook the fact that half the nation's banks fall in the \$7-million-and-under bracket. Highly sophisticated planning is beyond the capability of these small banks. They lack the resources, the personnel, the facilities. At some future time they might be able to buy planning from larger banks on a correspondent or syndication basis. The problem is that they can't afford to wait.

"Mere talk about the population explosion doesn't tell much about the kind of world banks will have to plan for in the next decade. Shifts in employment, for instance, will have widely varying effects on different communities. Agricultural employment will continue to decline, with the farm work force numbering only about 2.5 million people by 1980. This may not be a dominant factor in terms of the over-all economy, but it will be of major concern to banks located in farming communities.

"The small independent unit banks, which form the backbone of our dual banking system, indeed need to take note. Their future will surely depend on the success of over-all community development programs. Such programs, in turn, will rely on total community planning efforts in which the banker should be a leader."

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**IOWA NEWS**

**CEDAR RAPIDS:** The stockholders of the Merchants National Bank have approved the formation of a holding company. Approval from the Treasury Department and the Federal Reserve System must be obtained before the measure can be acted upon. Comptroller of the Currency approval had been granted previously.

**CHEROKEE:** The Cherokee State Bank has withdrawn from Federal Reserve membership.

**CLINTON:** Dixon C. Orr has joined the Iowa State Savings Bank as a loan officer. He was formerly with the Farmers State Bank, Marion.

**DES MOINES:** Jerry Whalen, formerly with Super Valu, is now with Northwest Des Moines National Bank.

**DES MOINES:** Everett S. Newcomb, who has been with the Central National Bank and Trust Company since 1937, has been elected customer services officer at the bank. He is believed to be the first Negro to be elected an officer of an Iowa bank.

**DES MOINES:** Clifford De Puy, chair-

man, *Northwestern Banker*, and Mrs. De Puy returned recently from a three-month trip to Africa, Italy, Spain and Portugal.

**EAGLE GROVE:** John Govern has been promoted to vice president of the Security Savings Bank here. He joined the bank in 1963 and had most recently been serving as cashier.

**JEFFERSON:** Roger Scott has joined the Home State Bank as an installment loan officer.

**LE MARS:** The First National Bank has filed an application with the Comptroller of the Currency for permission to establish a branch to be located within the National Farm Center complex on an 80-acre site within the city limits of Le Mars.

**MARCUS:** Paul Arndt, who has been with the Farmers State Bank for the past three years, has resigned to accept a position with the Toy National Bank, Sioux City.

**SHELBY:** Leslie Nelson, former Nebraska bank examiner, has joined the Farmers Savings Bank.

**NEBRASKA NEWS**

**LINCOLN:** Application by the Leshara State Bank to move to Omaha has been denied by State Banking Director C. R. Haines. The bank's request to change its name to Bank of Omaha also was denied.

**LINCOLN:** Two bills affecting holding company legislation were held

*Kirk Gross Co*  
**BANK PLANNING**  
Waterloo, Iowa

in committee by the state legislature at the April 15 meeting. LB 689 would change the definition of a one bank holding company by authorizing a change from ownership of one bank and not more than 25% of one other bank to ownership of nine banks and not more than 25% of a tenth bank - in effect, changing to a 10 bank holding company. LB 819 would repeal the entire chapter relating to holding company legislation now on the books.

LB 1024, which would change reserve requirements of state banks to let them invest more of their free cash in U. S. governments, was approved and sent to the floor April 15. Also, LB 246, permitting state banks to invest in certain agricultural credit corporations, was sent to the floor the same day.

**OMAHA:** Robert D. Johnson and Eugene F. O'Donnell have been named assistant cashiers at the Douglas County Bank. Mr. Johnson will work in the bank's data processing department as a computer programmer and systems analyst, and Mr. O'Donnell is active in the bank's commercial loan department.

**OMAHA:** Mike VanHorne, vice president, VanHorne Investments, Inc., has been appointed general chairman of the Iowa-Nebraska Field Day, which will be held here May 22-23.

**PERU:** Frank Heywood has retired as chairman of the board of the Bank of Peru, a post which he has held since 1943. Mr. Heywood, 95, will continue as a director. Carroll Lewis, president of the bank, has been named chairman. Ross B. Adams, Peru cattleman and farmer, has been named a director.



Christy Armstrong

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ST. PAUL: N. J. Paul has sold his interest in the St. Paul National Bank to other stockholders at the bank and has retired.

### MINNESOTA NEWS

The Minnesota Bankers Association, in cooperation with the Federal Reserve Bank of Minneapolis, is sponsoring a series of workshops on the new truth-in-lending disclosure requirements. The first meetings were held April 19 in Minneapolis, Rochester and St. Cloud. Following is the schedule for meetings to be conducted during the next two weeks: April 21—Owatonna, Fairmont, Duluth; April 24—Minneapolis, Mankato, Brainerd; April 26—Saint Paul; April 28—Marshall, Detroit Lakes; April 29—Minneapolis, Benson, Thief River Falls.

BLAINE: Application has been filed with the State Department of Commerce for a state bank, the proposed Blaine State Bank, to be located in the vicinity of 109th and University here. Incorporators named in the application are Donald C. Savelkoul and Herbert W. Bacon, both of Fridley, Minn. Proposed capital structure for the bank is \$400,000. No date has been set for hearing on the application.

MINNEAPOLIS: Harry C. Piper, chairman of Piper, Jaffray & Hopwood, has been nominated for a three-year term as governor of the New York Stock Exchange. The election will be held May 12.

MINNEAPOLIS: Ten officer promotions have been announced by the First National Bank. New vice presidents are Thomas E. Leary, Richard P. Lowry and John P. Northcott. All three men were formerly assistant vice presidents. Advanced to assistant vice presidents were Richard P. Parnell, P. James Sicora, Robert B. Gillespie, Jr., John F. Hunziker and Charles E. Bassett. Warren L. William and Thomas G. Sletta have been named assistant cashiers.

MINNEAPOLIS: Calvin A. Merriman has been appointed vice president in charge of communications and compliance for Dain, Kalman & Quail, Inc. Wayne H. Chestnut, vice president and resident manager of the Billings, Mont., office has been appointed to

succeed Mr. Merriman as retail sales manager. Royal C. Johnson, vice president, has been promoted to resident manager to succeed Mr. Chestnut in the Billings office.

MINNEAPOLIS: Granger C. Costikyan, president of First Bank System Inc. since 1962, has resigned. He will continue as chairman of the organization's board of directors until August 1, when he will become a general partner in Brown Brothers Harriman & Company, the nation's largest private bank. He will head the firm's Chicago office. Donald R. Grangaard has been named as Mr. Costikyan's successor. He has been a senior vice president at First Bank System for two years.

MINNETONKA: An application has been filed with the State Department of Commerce for a state bank to be located at the intersection of County Road 73 and Highway 12 here. Proposed name of the bank is Oak Knoll State Bank. Incorporators named in the application are: Calvin R. Olson, Excelsior, Minn.; Edward E. Woody and John W. Palmer, both of Wayzata, Minn. Proposed capital for the bank is \$400,000. No date has been set for hearing on the application.

MORA: Beatta Hillman, Ellen Regan and Jeanne Gerber have been named assistant cashiers at the Kanabec State Bank.

### ILLINOIS NEWS

CHICAGO: Walter E. Heller, 78, chairman and founder of the commercial finance firm named for him, died of a heart attack here.

CHICAGO: The American National Bank and Trust Company has announced that its application for permission to establish an overseas branch in London has been approved by the Federal Reserve Board. This

will be the first overseas branch for the \$755 million deposit bank.

CHICAGO: Shareholders of the First National Bank of Chicago have approved a plan to make the bank a wholly owned subsidiary of a new holding company, First Chicago Corporation. Completion of the plan is scheduled for late June or July. The bank will continue to operate under the same name.

### NORTH DAKOTA NEWS

FARGO: Hilbert Pfeifer, Jr., county agent in Minnewaukan, N. D., since September, 1967, has accepted a position with the First National Bank of Fargo. He will be agricultural representative in the trust department of the bank.

### SOUTH DAKOTA NEWS

SIOUX FALLS: Stephen P. Olson has been named manager of the new Westwood office of the Northwestern National Bank. He has been elected an assistant vice president. K. Pat Marso, who has been in the personal banking center of the main office, has been named assistant manager at Westwood. Other changes announced were the election of Annette Gustad as operations officer at the main office; Gerald S. Acheson, agriculture officer at the Madison office; Charles E. Rogers, operations officer at the Colonial office.

### COLORADO NEWS

DENVER: Melvin J. Roberts, Colorado



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National Bank president, and Donald D. Hoffman, president of Central Bank and Trust Company, have jointly announced that effective immediately Central will join Colorado National in the operation and promotion of the BankAmericard program in the four-and-one-half state Rocky Mountain region.

## WYOMING NEWS

LANDER: The name of the Lander State Bank has been changed to the Central Bank and Trust Company as part of extensive changes enacted by the Central Trust Company of Lander, which purchased the controlling interest in the bank earlier this year. Interior remodeling is underway and will be completed sometime this summer.

## Court Decision Forbids Credit "Tie-Ins"...

A U. S. Supreme Court decision holding that antitrust laws forbid credit "tie-ins" with the purchase of goods could have far-reaching implications for commercial banks, savings and loan associations and other lenders, some Washington banking attorneys believe.

Most importantly, these attorneys contend, the Supreme Court in its 5 to 4 decision said clearly that the extension of credit is a tying product.

As a result, these attorneys figure that banks extending credit on more favorable terms if borrowers maintain compensatory balances could conceivably be vulnerable to attack under the antitrust laws.

The decision came in a case in which Fortner Enterprises, Inc., a Kentucky housing developer, charged U. S. Steel Corporation and its credit subsidiary with antitrust law violations because it was required to buy prefabricated homes from U. S. Steel as a condition for getting a \$2 million loan from the subsidiary.

## Join Midwest Bank Card System

Two major banks have joined the Midwest Bank Card System, bringing to 18 its card-issuing members, it was announced last week by Robert M. Martindale, president.

They are American National Bank & Trust Company, Chicago, the nation's 76th largest bank (\$755,337,000 in deposits), and Commercial National Bank of Peoria, Illinois, the 294th largest (\$181,133,000).

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