

# NORTHWESTERN Banker

Oldest Financial Journal Serving The Central and Western States

No. 1221

Des Moines, Iowa

April 20, 1970

## Small Firms Report Interest Rate Drop

For the first time in more than 30 months the average national bank rate of interest paid by independent businessmen has taken a drop.

The data from 11,888 March respondents to the continuous field survey of the National Federation of Independent Business shows the national average rate dropped to 8.4%, down from 8.5% in February.

Only in the Pacific States does the trend seem to be contrary to the national experience. In these states the average interest rate is shown as 9.4% to smaller firms, up one-tenth of 1% over February which also showed a similar advance over January. The biggest factor is the advance of California bank rates to 9.5%.

Only one other section shows a differential from the national average. In the East North Central states, the average is shown as 8%, up one-tenth from February, but even with the January rate.

The biggest decline is in the New England states where the average rate dropped from 8.6% to 8.3%. In January the average rate was 8.7%.

This data was secured before banks announced a drop in their prime rate, and also reflects the



average rate paid on loans secured since October 1 of last year.

However, because for 25 straight months the average interest rate showed an increase, it is assumed by Federation researchers that the current drop indicates interest rates are softening instead of increasing. What effect the dropping of the prime rate will have on future rates is a matter of uncertainty, as smaller operations do not qualify for the banks' choice rate.

The lowest bank interest rate is reported by Kentucky businessmen with an average of 6.5%. The highest is reported from Utah with 9.6%.

However, those who borrowed from finance companies report a wide range of interest rates. While the national average on interest rates from this source, in March, stands at 11.7%, up almost one and one-half points from the

previous month of 10.3%; there is no uniformity.

The highest interest rates paid by small business to finance companies is in the mid-Atlantic states, where the average rate is 13.9%. However, this average is pulled up by Pennsylvania where the average rate is shown as 21.7%, although the average bank rate in this state is shown as among the lowest in the nation, at 7.6%.

In New York, loans from banks carry an average 8.4% interest and those from finance companies 9%.

In the South Atlantic states the rate for loans from finance firms shows a drop of less than 2%, from 11.7% to 9.8%, bringing them 1.5% above the average bank interest rate.

However, in Virginia, which is located in this group of states, the average bank interest rate is shown at 8.1%, while the average interest to a finance company is shown as 8.6%.

In North Carolina, the data shows that money is less expensive from finance companies than from banks. While the average bank rate is shown at 8.2%, the average interest rate on loans from finance companies is shown at 6%.

The lowest interest rate se-

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field-East here on April 28 and 29. The theme of the meeting is "Tell it like it is...and Face 70's Challenge."

Thomas M. Mocella, marketing services officer of the Harris Trust and Savings Bank, Chicago, will share the spotlight with Michael Fayhee and Philip Davidson, students from the University of Illinois, on a Tuesday evening panel, "Of Business, Banking and Marketing."

Conference attendees will visit the State Capitol Wednesday morning to hear a Con-Con session. At the Wednesday luncheon, they will be entertained by Basil Moore, a Lincoln student of Marshall, Ill. He will bring "Lincoln, the Raconteur" to life with his many years of study and portrayals of the humorous Mr. Lincoln.

Mrs. Betty L. Cribelar, assistant cashier, Casey National Bank, Casey, is chairman of the Illinois Group. The Conference has been arranged by Miss Violet Christin, program co-chairman, secretary and assistant vice president of National Bank of Austin, Chicago, and Mrs. Ferris Beia, program co-chairman, assistant cashier of the Marquette National Bank, Chicago.

### IOWA NEWS

ARLINGTON: John Thompson, 56, a director of the Arlington State Bank, died April 7 from a heart attack. Carl Henderson, who joined the bank recently as cashier and executive officer, was elected a director to succeed Mr. Thompson.

LEON: A daring midnight robbery of the Decatur County State Bank netted four robbers \$48,418 but they didn't keep it long. After taking Ward Kilgore, executive vice president of the bank, from his home at gunpoint, and keeping his wife and 15-year old son under gunpoint at home, one of the men forced Mr. Kilgore to open the bank vault. Quick follow-up work

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### NATIONAL NEWS

CHICAGO: These promotions have been announced by Gaylord A. Freeman, Jr., chairman of First National Bank: William D. Goodrich, trust department, and Jacque E. Sohm, bond department, to vice presidents; Harvey H. Nichols, trust department, to assistant vice president.

Newly-elected officers are: Ernest J. Childs, Jr., New York bond department office, assistant vice president; James T. Diamond, administrative department, and William S. Morrison, III, commercial banking, to assistant cashiers; Albert E. Neri to assistant manager, Milan, Italy branch.

CHICAGO: Donald W. Stewart has been appointed director of automation at LaSalle National Bank. He was with Continental Casualty Company,

Chicago, from 1956 until the present time.

PHOENIX: Earl L. Bimson, president of Valley National Bank, has announced these promotions: Charles D. Tanner, commercial loans, and John H. Noll, trust department, to vice president; Winnifred Deyo to trust officer, and Otto Frank, international department, to assistant vice president.

ST. LOUIS: Fred William Wenzel has been elected to the board of directors at Mercantile Trust Company. He is president of Kellwood Company, which has 51 branches throughout the United States manufacturing wearing apparel, recreation goods and home furnishings.

SAN FRANCISCO: George A. Hopiak has been promoted to senior vice president and senior trust officer in charge of Wells Fargo Bank's trust division. Formerly vice president and manager of the trust division, Mr. Hopiak succeeds Harold G. King, who retired from the bank on March 31.

WASHINGTON, D.C.: The United States Senate passed last week and sent to the House a bill prohibiting the mailing of credit cards to persons who had not requested them.

### ILLINOIS NEWS

SPRINGFIELD: The Illinois Group of the National Association of Bank Women will hold its Annual Spring Conference at the Holiday Inn Spring-



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by police resulted in the arrest of the four the following day. Meanwhile they had thrown the bag containing all the money out on Highway 35 between Leon and Des Moines and a truck driver returned it to authorities.

#### MONTANA NEWS

HELENA: Paul D. Caruso, 45, recently was elected president and a director of the new First Security Bank of Helena. The bank was scheduled to be opened last week on April 13. Thomas E. Kirwin, 33, is vice president and cashier, as well as a director. Other directors are Ross W. Cannon, Donald W. Larson and J. R. Sims, M.D. Mr. Caruso formerly was vice president, cashier and a director of the Commerce Bank and Trust Co. of Helena and has 15 years of bank experience. Mr. Kirwin also was with Commerce Bank as a vice president.

#### SOUTH DAKOTA NEWS

SALEM: Boyd Knox, president of the McCook County National Bank, has announced the appointment of Dwayne Jacobson to the staff. Mr. Jacobson was graduated earlier this year from Dakota State College at Madison.

#### WYOMING NEWS

CHEYENNE: A three-man management team to run the recently approved Wyoming Bancorporation registered bank holding company (*Northwestern Banker*, April 6), has been announced by the firm's board of directors.

All three are formerly of Denver. They are: Paul L. Howes, Jr., president and treasurer; William C. Allen, senior vice president in charge of loan administration, and R. Lee Van Deren, senior vice president in charge of marketing administration.

Mr. Howes, 40, started his banking career in Michigan, joined the Comptroller of the Currency staff in 1957, moved to Burroughs Corp. in 1959, and then to American Na-

tional Bank of Denver in 1961. He has been vice president there in the correspondent bank department.

Mr. Allen, 39, started with United California Bank in 1957, moving to American National of Denver in 1962, where he has been vice president in charge of the loan department. Mr. Van Deren, 34, also was with United California Bank before joining American National of Denver. He was assistant vice president and assisted in establishing the bank's Master Charge program.

A. H. Trautwein, president of the Cheyenne National Bank, has been named chairman of Wyoming Bancorporation.

LARAMIE: Harold R. Hand has been elected vice president of the American National Bank. He will continue to serve also as cashier. As vice president he succeeds Gene Hayes, who resigned to become president of Stock Growers Bank of Wheatland. James P. Castberg was named a director of American National.

#### NEBRASKA NEWS

OMAHA: Fred E. Deines, Omaha region vice president of the Burlington-Northern Railroad, has been elected a director of the United States National Bank.

#### MINNESOTA NEWS

CRYSTAL: Kenneth Steen, 42, mortgage loan officer at Crystal State Bank prior becoming ill several years ago, died recently of Hodgkins disease. He had been with the Crystal bank since 1963, and prior to that with Northwestern State Bank of Ortonville for 15 years.

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NEWPORT: Mrs. Jeanette Mattimore, St. Paul, president of the Farmers Terminal State Bank here, died recently. She became president of the bank after the death of her husband, Thomas, in 1961.

#### COLORADO NEWS

HOLLY: The First National Bank has converted to a state charter and has changed its name to First Bank & Trust Co. of Holly, according to H. E. McKeever, president. The bank was founded in 1905.

DENVER: Acquisition of the Villa National Bank in the Villa Italia Shopping Center by Denver U. S. Bancorporation has been completed according to Roger D. Knight, Jr., president of the holding company. It was acquired from the Teamsters Union. Assets of the bank were listed at \$6,887,000. Harry G. Anderson is president of the bank.

DENVER: Colorado Bank Commissioner Harry Bloom announced last week the state banking board has approved a state charter for South Jefferson County Bank at S. Wadsworth Blvd. and W. Jewell Avenue.

DENVER: The state banking board denied a charter for the proposed Southmoor State Bank of Fort Collins.

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## Small Firms

(Continued from Page 1)

cured on small business loans is still from insurance companies with the national average rate showing up at 6%, followed by the Small Business Administration at 6.2%. On loans from manufacturers the average rate is shown at 8.4%, down six-tenths of 1%. Loans from other sources, such as private individuals, friends, relatives and other sources, show an average interest rate of 8%.

## Expects Earnings Reports To Show Lower Profit Figures

Wall Street's current concern over the outlook for first-quarter corporate profits appears more than justified, according to Don R. Conlan, chief economist for Dean Witter & Co.

He said that when all the figures are in, profits should be 10% to 11% lower than the year-ago level. The flow of earnings reports began getting heavy last week.

Mr. Conlan also said he expects gross national product for the first quarter to show a decline of as much as \$5 billion, after eliminating the effects of price increases.

This would be the sharpest quarterly drop since the middle of the 1960-61 recession, Mr. Conlan said, adding that the economy thus "has gone through something more than the 1967 mini-recession."

He believes, however, that the recession will probably end during the present quarter. He noted that inventory excesses are "generally out of the way now," creating a favorable environment for stronger economic activity in the second half.

The shortening of the recession,

however, doesn't mean rapid growth will ensue, Mr. Conlan added. Basing his outlook on a "cautious and gradual" easing of monetary policy over the months to come, the Dean Witter economist said the rate of recovery will probably be "moderate" into 1971, once the "initial burst of recovery" is over.

Regarding interest rates, Mr. Conlan said that until such time as investors decide that price inflation will truly diminish, there is no reason for them to anticipate a significantly lower level of long-term interest rates. He added that it seems probable that "no further drop in short-term rates is in the cards for awhile."

## NASSB Will Meet May 3-6 in Boston

Senators Edward W. Brooke (R-Mass.) and Wallace F. Bennett (R-Utah), Congressman Wright Patman (D-Texas) and Under Secretary of the Treasury Charles E. Walker will be among the featured speakers at the 69th Annual Convention of the National Association of Supervisors of State Banks which will convene at the Sheraton-Boston in Boston, May 3-6.

Presiding will be the Hon. Harry Bloom, president of NASSB and state bank commissioner of Colorado, and the Hon. C. W. Culley, first vice president of NASSB and Missouri's commissioner of finance.

Other speakers will include Richard C. Ross, president, Scarborough and Company, Chicago insurance firm specializing in bank coverages, who will discuss the "Loss Picture in Banking." He will address a bankers-only session presided over by Max G. Brooks, chairman, Central Bank & Trust Co., Denver, and vice

chairman of the NASSB advisory council.

Dr. Saul B. Klamann, vice president and chief economist of the National Association of Mutual Savings Banks, will discuss the prospects for the housing and home finance industries. Dr. Paul S. Nadler, professor of business administration at Rutgers University, will answer the question, "Why Are Banks the Whipping Boy?"

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No. 1221 Northwestern Banker is published five times monthly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 50¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579), manuscripts, mail items to above address.