

NORTHWESTERN Banker

Oldest Financial Journal Serving The Central and Western States

No. 1232

Des Moines, Iowa

June 22, 1970

Look to Independents for Limited Branching

A study commissioned by the Minnesota Bankers Association last September has led to the conclusion that management capabilities of many of the independent bankers in Minnesota should be made more readily available through the establishment of a regional system of limited branch banking.

The study was prepared by Carter H. Golembe & Associates, Inc., Washington, D. C. Results were presented at the final session of the 80th annual convention of the Minnesota Bankers Association in Minneapolis last week. Mr. Golembe said:

"The basic thrust of our study was to determine whether the Minnesota banking system was performing in the most desirable manner.

"There were a number of findings which we think point to the desirability of some change in the existing absolute ban on branching. Among the most important of these findings were indications of quite substantial differences in the anticipated growth rates of various sections of the state, with declines expected in some areas and rapid growth in others. Unit banking is a less flexible means of adapting to such uneven economic development, since either to open or close a new unit bank is a more difficult procedure than opening or closing a branch office.

"There seems little question on the basis of existing research that economies can be identified for banks below \$25 million in deposit size, and certainly for banks with deposits

of less than \$10 million. Since well over half of all Minnesota banks have less than \$5 million in deposits, there seems little question that efficiencies could be obtained by achieving some increase in the average size of Minnesota banks.



Carter H. Golembe

"Third, our review of the performance of banks in the various economic regions gave some indication that there are identifiable geographic 'pockets' in which bank performance is less than satisfactory.

"In deciding upon the type of branch banking which would be best for Minnesota we stress that the unique characteristics of the state must be considered. Distances within the state are long, population is dispersed over broad areas, and you have a strong tradition of local autonomy in financial and economic affairs.

"We were also impressed with the clear evidence of quite capable—even outstanding—management to be found in a great many of the independent banks in the state. In region after

region the best performing banks—at least on the basis of the information available—were to be found among the independent banks rather than the holding company banks.

"It seemed to us particularly desirable that any change in Minnesota's branching law be such as to preserve to the maximum extent the degree of local orientation which presently characterizes banking in the state. At first thought, this might suggest that any branching be limited to county boundaries. It is evident from the data, however, that a change in the law which included such a limitation, because of the very limited amount of deposits in some counties, might not provide any real advantages. Thus it would appear that some kind of a regional system—though not necessarily patterned on the 11 economic regions established by the state—would be desirable. Properly established, such a regional system would retain the local orientation of the banks, provide them with an opportunity to grow to a better size from the point of view of economies of scale, utilize more fully some of the exceptional talent found in many of the small banks of the state, and permit a smoother flow of funds from surplus to deficit areas. Moreover, this could be done with a minimum risk of increasing concentration significantly in the state's larger institutions.

"Only three states in the nation, of which Minnesota is one, presently retain an absolute prohibition against

(Continued on Page 4)

Yes! We're here to help you get what you want

**IOWA-DES MOINES
NATIONAL BANK**

Sixth and Walnut, Des Moines 50304 • 284 8686
Member Federal Deposit Insurance Corporation



discover security

FOR DEPENDABLE CORRESPONDENT BANKING

SN security national bank

SIoux CITY, IOWA 51101

IOWA NEWS

DES MOINES: Ground-breaking ceremonies were held this past week for the new \$350,000 drive-in, walk-in facility for Bankers Trust Co. The new building, located at 6th and Grand, is scheduled for completion in mid-October.

FORT DODGE: Craig E. Carlson has been elected to a position with The State Bank as vice president and head of the trust department, effective July 1. Mr. Carlson is presently with the First National Bank & Trust Co. of Racine, Wis., as a trust officer.

GOLDFIELD: Stanley G. Sampson has been named a director of the Goldfield State Bank, according to Robert Whyte, bank president. Mr. Sampson is a farmer and livestock feeder near Goldfield.

INDIANOLA: Construction has begun on the new Hiway office of the Warren County Bank & Trust Co. with completion scheduled October 1. The announcement was made by Eugene Smith, president.

MARSHALLTOWN: The Federal Reserve Board has approved the acquisition of the Fidelity Savings Bank by Brenton Banks, Inc., registered bank holding company. With the acquisition of the bank's \$27 million in total assets, Brenton Banks' total assets now total more than \$205 million.

NEWTON: W. F. Vernon, Sr., was elected to the board of directors of

the Jasper County Savings Bank to replace Collin W. Fritz, now serving as superintendent of banking in Iowa.

OSAGE: Raymond A. Brown has joined the staff of the Home Trust & Savings Bank to work in the lending area, primarily with farmers and farm organization. He is a recent graduate of Iowa State with a degree in animal science.

SAC CITY: C. W. Burkett has been promoted from assistant cashier to cashier of the Citizens Savings Bank. He has been with the bank since last December.

NEBRASKA NEWS

COLUMBUS: Bob Gangel has been elected vice president of the First National Bank. Mr. Gangel joins the bank after 15 years with the B-D Company of Nebraska at Columbus.

LINCOLN: Robert D. Northrop has been elected vice president and senior trust officer of the First National Bank & Trust Company. He has been head of the bank's investment division since 1967.

OMAHA: The Omaha National Bank recently honored Senior Vice President Herbert H. Echtermeyer and six other retiring employees at a dinner. Mr. Echtermeyer had been with the bank for 50 years.

Others honored were: Donald Ranney, Chester Pearson, Laura Alfreds, John Dugick, Stanley Dugick and Ruby Brockie.

Northeast Iowa Banks

When you're ready for it, make an appointment to see our computer compute. It can solve a lot of problems for your bank. When your bank needs this or any other service, call Bill Rickert or Ken Young.

nb National Bank of Waterloo

ORD: Clark and C. W. Weckbach have sold their controlling interest in the First National Bank to B.B.J., Inc. (Donald E. Blaha, LaVerne Johnson and Alfred Burson). Donald E. Blaha will be the managing officer and executive vice president and cashier, LaVerne Johnson will be president and Alfred Burson will be chairman of the board. Clark Weckbach will remain as a director of the bank.

MINNESOTA NEWS

BLUE EARTH: Virgil L. Eckhoff will join the First National Bank as vice president on July 1, according to bank President Carl Bangert. Mr. Eckhoff is a veteran of many years in the banking business, most recently at the First State Bank of Benson.

CROOKSTON: The First National Bank is expanding facilities with a new addition and remodeling project to be completed in early in 1971.

DAWSON: Application has been made to the comptroller of currency for permission to organize a new bank in Dawson to be called the First National Bank.

INTERNATIONAL FALLS: Joe Friend, vice president of the International State Bank, has resigned his post to accept a position with the Lincoln Security Bank of Libby, Mont. He is being succeeded in his position by James Kalstad, cashier and auditor of the bank.

MINNEAPOLIS: Obert M. Udem has resigned his position as president of Fidelity Bank & Trust Co., effective June 30. Mr. Udem, president of Fidelity Bank for the past four years, did not reveal his immediate plans.

MINNEAPOLIS: Henry Nosek, who has served and acted as president



Correspondent services? Rely on
"the pacesetter bank."

"the
pacesetter
bank"



Bankers Trust co.

SIXTH AND LOCUST, DES MOINES

Member: Federal Reserve System and
Federal Deposit Insurance Corporation

1st LINCOLN ...Experts in Mortgage Loans

FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN
12th & N Street • LINCOLN, NEBRASKA • Member: F.D.I.C.

and managing officer of the First National Bank of Hibbing for the past year, has been named general manager of First Systems Agencies, Inc.

MINNEAPOLIS: Four officers have been named at the First National Bank. Leonard A. Dubay was appointed trust audit officer, Conrad A. Keech was named audit officer and assistant security officer, Vane G. Santoorjian was named audit officer, and William P. Laird was promoted to personnel officer.

The First National Bank has also announced its plans to become a shareholder in American International Bank (AIB) of New York City.

ST. PETER: Jerry Voigt has joined the staff of the Nicollet County Bank. He was formerly assistant cashier with First National Bank of Le Center.

WYOMING NEWS

MORAN: Felix Buchenroth, Jr., president of the Jackson State Bank, Jackson, has been elected president of the Wyoming Bankers Association. Other newly elected officers of the association are: Robert W. Finkbiner, president of the First National Bank at Lauder, first vice president; Bernard R. Weber, executive vice president at the First National Bank & Trust Co., Cheyenne, second vice president, and George W. McIlvaine, vice president and cashier of the First National Bank, Rawlins, elected secretary-treasurer.

Topics discussed at the convention included bank taxation and the uniform consumer credit code. Complete coverage of the 62nd annual convention with pictures will appear in the July *Northwestern Banker*.



Homer Jensen

For Experienced Help
with your
Correspondent Bank Needs
"CALL HOMER"

AREA CODE 515/244-5111



CAPITAL CITY BANK

EAST FIFTH AND LOCUST • DES MOINES IOWA 50309

ILLINOIS NEWS

CHICAGO: Gaylord A. Freeman, chairman of the board, has announced two staff promotions at the First National Bank. H. William Melum, has been vice president in the commercial banking department and Brian J. Bolton was appointed as manager of the Dublin branch in the international section.

DE KALB: Howard A. Nelson, president and chairman of De Kalb Trust and Savings Bank, has announced three officer appointments. Charles S. Combs has been named assistant vice president and commercial loan officer. Gary P. Miller, formerly with the First National Bank & Trust Co. of Rockford, comes to the bank as a trust officer. Daniel T. Derrington has joined the De Kalb bank as director of public relations.

COLORADO NEWS

DENVER: Applications for national charters have been filed for two new Denver area banks. The first, to be located in downtown Denver, would be called the Skyline National Bank. Lewis L. Gaiter, Jr., loan operations officer of the Denver U. S. National Bank, is the agent for the applicants.

The second proposed bank, to be called the Adams National Bank, is to be located in the north suburban area. Among the organizers of the proposed Adams National is David Ferguson, president of the Boulevard National Bank.

DENVER: Funeral services were held recently for Arthur L. Young, an accountant with the First National Bank. He was a member of the National Association of Bank Control-

lers and the American Institute of Banking.

GREELY: Approval has been given for the First National Bank to become a member of the First National Bancorporation.

SOUTHGLENN: James R. Morris, IV, has been named a director of the First National Bank, according to Joseph R. Boyd, president. Mr. Morris was with the First National Bank of Denver from 1954-1967 before resigning to devote full time to family investments and business interests.

NORTH DAKOTA NEWS

FARGO: John T. Borland has joined the staff of the Dakota National Bank & Trust Co., serving in the trust department. He was previously employed as an instructor of accounting and finance at North Dakota State University.

GRAFTON: Howard N. Ray, formerly an instructor at Hope, N.D., has joined the loan department of the Grafton National Bank.

GRAND FORKS: Three officers re-



Call
Everett P. Brown
for ...

Personal Attention
to All Your
Correspondent Needs

CALL
402
AREA CODE
341-8765



Member Federal Deposit
Insurance Corporation

A professional service to
the financial community

Bank Design
& Remodeling

uni-service, inc.
Box 333 Hampton, Iowa 50441
Call Collect 1-515-456-4640



YALE BANKLOCK SERVICE
DIVISION
F. E. DAVENPORT OFFICE
2066 FARNAM ST.
OMAHA, NEBRASKA 68102

YOUR STATE BANKERS ASSOCIATION
SPECIALISTS IN SALES AND
SERVICE OF SECURITY EQUIPMENT



RUCKER FRANCIS AND HERRING

Three of your
teammates at



A. S. Rucker, Jr.



Ron Francis



Joe Herring

COMMERCE BANK of Kansas City

- I would like to sell my majority bank stock.
- I would like to buy majority bank stock.

Please Contact: J. Mason Henry, President
Charles E. Walters Co., Inc.
 P. O. Box 1313, Omaha, Nebr. 68101

ceived promotions and a new officer was elected at the recent board meeting of the First National Bank.

Promoted to vice president was Dennis R. (Bing) Larson, who has been with the bank since 1965. Promoted to assistant vice presidents were Robert M. Burris and Lynn E. Skyberg. Both were formerly assistant cashiers.

Charles S. Youlden has been elected assistant vice president.

NATIONAL NEWS

CHICAGO: Continental Illinois National Bank & Trust Co. has advanced P. A. Mack, Jr. and Joseph D. Henderson to second vice presidents.

Golembe Report...

(Continued from Page 1)

the establishment of any additional banking offices by an existing institution. Opponents of branching regard the practice—with some justification—as a means by which the banking resources of a state or subdivision thereof may be dominated by one or a few institutions. Assuming a badly drafted statute and putting aside the matter of antitrust laws, such an outcome is not impossible.

“On the other hand, the public is entitled to the highest quality banking service available. The record of unit banking in this context is mixed. That independent banks in Minnesota can provide such high quality service is beyond question on the basis of our findings. But there also seems little doubt that this is not uniformly the case throughout the state.

“It would seem, therefore, that the most desirable alternative would be to preserve the virtues of independent

banking while at the same time incorporating in the system the kind of dynamism and competitiveness which, in the final analysis, is most beneficial to the public. This cannot be achieved by permitting in Minnesota the establishment of massive banking chains headquartered in Minneapolis. It may well be provided, however, if the management capabilities of many of the independent bankers throughout the state are made more readily available in their local markets to the residents of those markets. It would appear that this can be accomplished by a carefully controlled, limited relaxation of the branching prohibition.”

WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.
NORTHWESTERN BANKER
 306 15th St., Des Moines, Iowa

FOR SALE

Used Teller Window Unit—3 windows with currency drawers—dark green linoleum work table top. Sectioned for easy assembly. Sturdy construction hardwood mahogany varnish finish. Citizens State Bank, Clarinda, Iowa 51632.

LA SALLE helps you get the greatest possible use of your money

Need quicker availability on your clearings? Would an adjustment of your sort pattern reduce analytical charges upon your account? Let La Salle help. It can free more funds to increase your earnings. Call Cy Kirk or Max Roy at the La Salle National Bank in Chicago today. Phone 312/782-5200.

CASH FLOW SHEETS

Monthly cash flow income and expense forms—so helpful in planning budget loans for farmers and ranchers. Samples available. The Farm Business Council, Inc., P.O. Box F, Urbana, Illinois 61801.

There are so many ways we can help you
 That's why over half the banks in Iowa are
 — MNB correspondents

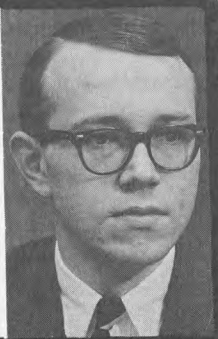
Eric Hender
 Assistant Vice President



MNB

MERCHANTS NATIONAL BANK

CEDAR RAPIDS, IOWA 52401
 Member FDIC



Bank Under the Big



"The Bank That Cares"

CENTRAL NATIONAL BANK AND TRUST COMPANY

Member Federal Deposit Insurance Corporation

No. 1232 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.
 Federal Reserve Bank of St. Louis