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View Bank Credit Demands and Policies

Despite the temporary lag in loan demand, the 1970's will be a decade of capital shortages.

This was the comment made by Dr. Paul S. Nadler, professor of business administration at Rutgers University, at the 23rd National Credit Conference in St. Louis.

A majority of the more than 400 delegates attending the ABA function concurred with Dr. Nadler. The only area of disagreement was in the timing as to when the turnaround in loan demand will come. Most bankers felt that they would once again face a strong loan demand—accompanied by higher interest rates—by year-end. Others indicated that no great change will occur for about two years. It was agreed that consumers hold the key to a business recovery. At present, consumers are saving at a record level.

Darryl R. Francis, president, Federal Reserve Bank of St. Louis, spoke on the "Outlook for Monetary Policy and Credit Growth in 1971." He commented as follows:

"The growth of total commercial bank credit in 1971 will be influenced both by monetary policy actions and by the rate at

which time and savings deposits continue to flow into banks. For discussion purposes I will assume that monetary policy actions this year will be about the same as 1970; namely, the money stock will expand about five per cent.



Edmund F. Ebert

It is not unreasonable to assume that the demand for deposit liabilities of commercial banks might grow at about this same rate.

"Since a five per cent increase in demand deposits by itself would allow for only about a two per cent growth in bank credit, it is apparent that the volume of credit extended will be determined mainly by the flow of time deposits and by nondeposit sources of funds. In 1970 time deposit liabilities of banks increased about four times as fast as demand deposits. Although this unusually rapid

growth of time deposits has continued in early 1971, it is likely that as the year progresses time deposit growth will slow to more normal rates relative to demand deposits. Under the assumption that from April, 1971 to the end of this year the relative growth of time deposits to demand deposits will be about the same as during 1967 and 1968 before Regulation Q impinged, time deposits are likely to increase by 12 to 15 per cent by the end of this year over last.

"Some further run-off of non-deposit sources of funds to banks is likely to occur this year, but much less than in 1970. It seems reasonable that the net flow of funds into banks through the end of this year will provide for about an eight to 10 per cent growth in total loans and investments.

"The composition of the growth in bank credit this year will depend substantially on the strength of demand for loan funds—especially business loans. The growth in aggregate demand for goods and services projected for this year, using our bank's econometric model, is expected to be moderately strong and to provide for resumption of real economic growth as inflation continues to

(Continued on back page)

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IOWA NEWS

DUNLAP: William Wadsworth and Dwaine Hack were promoted by the Dunlap Savings Bank. Mr. Wadsworth is now cashier and Mr. Hack is vice president.

JEFFERSON: John M. Shanda has been advanced to executive vice president and trust officer at Home State Bank. Douglas McDermott has moved up from assistant cashier to cashier. Kermit Bullard is now a loan officer and Roger Scott is a new loan officer. Gerald Clause continues as president.

NEW SHARON: Claire Phillips has been advanced from vice president to president of the Taintor Savings Bank. He succeeds O. H. Pothoven, who continues as chairman.

OSCEOLA: United Federal Savings and Loan in Des Moines plans a permanent office here. The firm has served the city with a mobile unit.

PELLA: Richard Y. Barnes has resigned as assistant vice president of the Mills Co. State Bank, Glenwood, to join the Pella National Bank as manager of installment loans. Both banks are members of Hawkeye Bancorporation.

SPENCER: Steve Tyrrell has been elected cashier of the Spencer National Bank, and Robert Snedden has been advanced to vice president and ag consultant. Mrs. Ann Hatcher was advanced to assistant cashier.

THURMAN: C. R. McCartney died Feb. 13 at the age of 92. He had

served as chairman of the board of the Thurman State Bank for a number of years and had been on the board for 49 years.

SAINT ANSGAR: The Saint Ansgar Citizens State Bank will change its name to St. Ansgar State Bank.

MINNESOTA NEWS

BEMIDJI: Robert J. Welle, former senior vice president and director of the St. Cloud National Bank, has joined the First National Bank here as vice president and director. He was with the St. Cloud Bank for 23 years. The Bemidji bank is the family bank. Mr. Welle's brother, E. J. Welle, serves as a vice president, and the father, N. A. Welle, is the former president.

DAWSON: Funeral services were held for Daniel J. Olson, 47, bank examiner for Minnesota, recently. He died of a heart attack.

FAIRFAX: The Comptroller has reported that 138 shares out of 500 have been sold in the First National Bank by Paul A. Duckstad to J. Robert Dickson.

LAKEFIELD: Douglas Lee has been named president of the First National Bank. He has been vice president.

LAKEVILLE: Glendon M. Timm has been named president and Kenneth G. Nelson named vice president and cashier at the First National Bank. Mr. Timm was executive vice president and cashier. Mr. Nelson was vice president.

MINNEAPOLIS: Frederick E. Rafferty was named vice president and

trust officer at Fidelity Bank and Trust Co. Thomas Egan was named credit manager.

ROSEVILLE: Donald St. Croix, executive of Merchants Cartage, Inc., St. Paul, has been named a director of the Suburban National Bank.

ILLINOIS NEWS

Group Meetings will be held in Illinois this week as follows: Gr. 4, Freeport Country Club, March 9; Gr. 3, Pheasant Run Lodge, St. Charles, March 10, and Gr. 2, Sheraton-Joliet Motor Inn, March 11. Business meetings start at 4 P.M.

CHESTER: Buena Vista National Bank has named Kent L. Wittenborn as cashier; Michael G. Ritter as assistant cashier, and Mrs. Mary Frye as assistant cashier. Surplus has been raised to \$300,000. Capital remains at \$200,000, according to A. G. Koopman, executive vice president.

CHICAGO: Northern Trust Co. has announced plans for an additional building at the corner of Adams and Wacker. Drive-in facilities will be included.

CHICAGO: Marina Bank has elected Executive Vice President James L. Hamilton and Robert P. LeRoy of the Pick Hotels as directors.

CHICAGO: Mid-American National Bank has advanced Eugene R. Jennings to senior vice president and Wayne A. White to vice president.

CHICAGO: LaSalle National Bank has received permission to open a branch in Nassau.

CHICAGO: Illinois State Bank has named John I. Jones as chairman and president. Ernest E. Coe has been named senior vice president and will continue as cashier.

CHICAGO: Pullman Bank & Trust Co. has named Richard K. Pearson as vice president-manager of the correspondent bank division, and Joseph A. Getto as vice president in charge of real estate loans. Richard J. Burda will be a vice president in charge of installment loans.

DES PLAINES: Robert M. Calvin has been elected president of the Des Plaines Trust & Savings Bank succeeding Harry E. Mertz, resigned.

EVERGREEN PARK: Standard Bank & Trust has named Donald R. Corydon as senior vice president. Ronald O. Gortland has been named vice pres-

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PEORIA HEIGHTS: A permit to organize has been issued by the Illinois Comm. of Banks & Trusts to The Heights Bank. Total capitalization will be \$750,000. Organizers include James E. Noonan and William H. Young or Peoria and three others.

WISCONSIN NEWS

FENNIMORE: Funeral services were held last week for Howard D. Koencke, 56, president and chairman of the First State Bank in Fennimore. He was also chairman and president of the First State Bank, Harvey, Ill., which was founded in Dec. 1962. Before going to Fennimore in 1956, he was with the State Savings Bank, Cantril, Iowa.

LAKE MILLS: Greenwood's State Bank has advanced Paul A. Dunn from executive vice president to president, succeeding Frederick C. Greenwood, who resigned after 52 years with the bank.

COLORADO NEWS

DENVER: Hearings on national bank charter applications will be held by the 12th National Bank headquarters here as follows: March 9—proposed First National Bank of Aurora; March 23—proposed First National Bank of Montebello.

STEAMBOAT SPRINGS: An application has been filed with the Colorado Bank Comm. for a second commercial bank here. Suggested name is Steamboat State Bank. Organizers include Jim Wither, accountant and local town clerk, and Nick Nichols, former Denver investment man and now operator of a cleaning plant in Steamboat Springs.

NEBRASKA NEWS

CHADRON: At the Bank of Chadron Jerry Johnson has been promoted from vice president to executive vice president; Ted L. Bare from cashier to vice president, and Jack Stevens from assistant vice president to cashier.

GORDON: At Gordon State Bank Robert Kehr was advanced from cashier to vice president and Norman Hicks from assistant vice president to cashier.

GRAND ISLAND: Promoted at Overland National were: Dean R. Erickson to executive vice president; Martin Roy to vice president; John Luebs, Mike F. Wadkins and Robert T. Hummel to assistant vice presidents; Art Terry, Jim Anders and A. E. Anderson to assistant cashiers, and Duane Phillips to auditor.

KEARNEY: Jack Bridge, Orville Kaschke and Barry Sherman have been elected vice presidents at First National. All were assistant vice presidents. Eldon Hoelting was advanced to assistant vice president and Harry Mitchell to assistant cashier.

LINCOLN: The Nebraska Bankers Association's state legislative committee has gone on record as opposing LB946, a bill filed by Sen. Terry Carpenter that would grant permission to banks in first class cities only to open a second facility within the corporate limits of the town. A first class city under Nebraska law is one of 5,000 population up to 50,000 population. Present law permits only one detached facility for banks in a town or city of any size and it must be within 2,600 feet of the main office. The proposed bill would exclude all Nebraska towns under 5,000 as well as exclude Nebraska's only two metropolitan centers over 50,000—Omaha, with 305,000 population, and Lincoln, with 150,000 population. The bill is supported by a number of banks in medium-sized towns. The bill also would permit a bank in a first class city to open its first facility anywhere in the city if it does not now have one in operation.

MERRIMAN: Glenn K. Lahaye has been promoted from vice president to executive vice president at Anchor Bank.



Christy
Armstrong



Leo
Kane



Bob
Scott

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SUPERIOR: Directors of Security National have made the following appointments: Harold S. Myers, secretary of the board; Jess Zimmerman, chairman; Arvon Marcotte, president; Robert E. Noren, executive vice president; J. Robert Vergo, vice president and cashier; Francis Whitney, assistant cashier.



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Bank Credit...

(Continued from Page 1)

abate. Given this outlook for economic activity, business loan demand should strengthen from the rather sluggish conditions of this past fall and winter."

Penn Central

Edmund F. Ebert, chairman of the ABA Credit Policy Committee, and executive vice president, Bankers Trust Company, New York, told delegates that "the period of euphoria ended with the bankruptcy of the Penn Central Railroad, which frightened bankers and caused their return to stricter standards."

In a general discussion of "what went wrong with the Penn Central credit" panelists suggested that the more than 100 banks on the credit should have made an individual in-depth analysis of the Penn Central's financial structure; that the banks may have been deluded by the size of a corporate giant having \$7 billion in assets. It was agreed that some banks went along with the credit because others went along. Emphasis was placed on the fact that regardless of size of the credit, each bank should make its own analysis - pay less attention to compensating balances - and make certain the financial officers in a given company are well-known to the lender.

WYOMING NEWS

EVANSTON: Vern J. Smith has been advanced from executive vice president to president and chief executive officer at Stockgrowers Bank of Evanston, according to E. J. Haines, chairman. Dr. Albert D. Murray was

advanced from president to vice chairman.

GLENROCK: First National Bank will build a new 3,000 square foot building. Completion will be in early October.

LARAMIE: Thomas M. Hockaday has resigned as president of the Hilltop National Bank, according to Hardy V. Ratcliff, chairman. He will devote full time to business interests in the Shirley Basin area.

NORTH DAKOTA NEWS

BISMARCK: Harold Ormseth has joined the First National Bank and Trust Co. as a vice president. He was formerly associated with the First National Bank & Trust Co., Helena, Montana.

GRAND FORKS: Red River National Bank has been granted permission to change its name to Red River National Bank & Trust Co. of Grand Forks by the Comptroller.

WANT ADS

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LA SALLE MOVES AHEAD

LaSalle National Bank, Chicago, has installed a Centrex telephone system to give you better service. You may now dial direct to Max Roy and Cy Kirk on their new number (area code 312) 443-2774. Of course, Max Roy may still be reached in Iowa City (319/338-5224) and Cy Kirk in Rockford (815/398-9521). Their home stamping ground remains the same - LaSalle National Bank, 135 South LaSalle Street, Chicago, Ill. 60690.

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