

NORTHWESTERN Banker

Oldest Financial Journal Serving The Central and Western States

No. 1281

Des Moines, Iowa

March 29, 1971

Views on Bank Holding Company Act

What will be the implications for banking following passage of the One Bank Holding Company Amendments to the 1956 Act?

Some reflections on the new Bank Holding Company legislation were made in Washington by William W. Sherrill, governor of the Federal Reserve Board at the National Public Affairs Conference, sponsored by the American Bankers Association. Excerpts follow:

"With certain limited exceptions, this brings every bank holding company, whether it has one, or more than one bank, under the same law.

"Under the new legislation, with its expanded opportunities for the association of banking with related businesses, the chief bank executive forming a holding company faces what may be called a crisis of identity, if no undue stress is placed upon the word crisis.

"The bank executive must decide, at bottom, whether he will continue to regard himself as a commercial banker in the traditional sense, or as something significantly different—a bank holding company executive.

"If the chief executive of the single or lead bank in the bank holding company continues to regard himself as the same commercial banker he has always been, his holding company will be operated as an essentially static concern: acquiring deposits and lending money. In short a passive organization



William W. Sherrill

responding to demands made upon it by the public.

"On the other hand, the chief executive of the group who regards himself as not merely a lender with some new subordinate interests, but as a leader having new and innovative functions, will develop his organization quite differently, and with quite different future implications for users of the financial system in our country.

"I believe the time has come to reorient our concept of banking. I think the banking of the future must be more broadly conceived. We must recognize that its function no longer is predominantly lending but must become a concept of greatly expanded financial service to its customers. Lending will always, of course, be an important part of banking. But preoccupation with this function will distract the new banking executive from a clear view of the opportunity to become

important to his customers in many other ways.

"I foresee a time when financial advice, bookkeeping, budgeting, and financial management information provided to the customer may be much more important in the customer's eyes than the funds you make available to him. And, by the way, probably much more profitable to you.

"If you are considering forming or expanding a bank holding company you will immediately become involved in a number of other basic decisions. Among them are, what lines of activity to enter, whether to enter de novo or by acquisition of a going concern, and, whether to impose geographic limitations upon the company's operations.

"The Federal Reserve Board is on record as favoring de novo enterprises over acquisitions, because setting up a new company increases competition or provides a market place for goods or services which formerly did not exist. Acquisitions always raise the question whether competition and public convenience may be reduced.

"As to what lines of activity your planning might center on, I believe this matter would be best covered by discussion of the concerns of the regulatory authority.

"The law requires and the Board will require holding companies to enhance competition. Your planning should take this into account as a factor certain to weigh heavily.

(Continued on back page)

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

Forbes Olberg
Executive Vice President



M
NB

MERCHANTS NATIONAL BANK

CEDAR RAPIDS, IOWA

MEMBER FDIC





Get to know BOB REED

He knows correspondent bank needs.



IOWA NEWS

AMES: The First National Bank is conducting an open house on March 28 to celebrate its new banking facilities.

CHARLES CITY: First Security Bank and Trust recently held ground breaking ceremonies for a new bank building which, according to President Merten J. Klaus, is expected to be completed by the end of this year.

DALLAS CENTER: David L. Morris, vice president of the Brenton State Bank, and manager of the Waukee office, has been elected Dallas County Bankers Association president for the ensuing year.

DAVENPORT: Russell Scott, Nodaway, has passed the examinations and has been approved by Governor Ray of Iowa for the position of State

Bank Examiner out of the Davenport office.

ESSEX: DeLos Quist, assistant cashier, First National Bank since 1931, has retired from active duty. He will continue as a director.

KNOXVILLE: The Comptroller of the Currency, Washington, D.C., has recently approved a branch application for the Community National Bank and Trust Company of Knoxville.

ONSLOW: The new Onslow Savings Bank now under construction is expected to be completed in April. An open house for the public is planned shortly afterward.

PERRY: The First National Bank recently held ground breaking ceremonies for its new site. A completion date has not as yet been announced.

SAC CITY: Larry Reding has joined Sac City State Bank as ag representative according to a recent announcement by George H. Pingrey, president.

NEBRASKA NEWS

FREMONT: The Fremont National Bank has purchased property in downtown Fremont to be used for future bank expansion. T. J. Milliken, president, said the bank has no definite expansion plans at this time.

LINCOLN: Legislation to allow any bank in a first-class city to estab-

CHIEF EXECUTIVE WANTED

New bank, Colorado resort area, needs aggressive chief executive officer. Please forward resume to P.O. Box 5168-TA, Denver, Colorado 80217. Attention: T. Safer.

lish an additional detached auxiliary teller office anywhere within city limits was labeled recently by the Nebraska Bankers Association as a step toward branch banking. Supporting testimony came from bankers Tom Milliken of Fremont; H. D. Kosman of Scottsbluff; Robert Walker of Kearney and Mrs. Fran Carlson of Kearney, all of whom favor this legislation. H. L. McKibbin of Gering, president of NBA, said members are "overwhelmingly against it."

NORTH BEND: Two new additional directors were elected to the board of the Platte Valley Bank during a recent stockholders meeting. They are Bruce Hall and Edward Walla.

NORTH PLATTE: Stockholders of the North Platte Development Corporation recently elected Ken Huebner as president to succeed Dale Walkenhorst of the First National Bank.

OMAHA: The Omaha National Bank has withdrawn its application with the Comptroller of the Currency to move its drive-in, walk-in bank to another site, according to Frank Starr, president.

OMAHA: The Nebraska Investment Bankers Association has announced the election of Robert L. Ingles as president. Mr. Ingles is a vice president of Merrill Lynch, Pierce, Fenner and Smith, Inc. Dale Tintzman of First Mid America was named first vice president; Terry A. O'Neill, Dean Witter and Co., second vice president; Mike Van Horne, Van Horne Investments, secretary; and Robert Roh, Robert E. Schweser Co., treasurer.

SOUTH SIOUX CITY: Winton Buckley has been elected chairman of the board of directors of the Nebraska State Bank and Roy Yale has been elected president. Two men were elected vice presidents. They are John Paulsen and H. J. Arthur.

MINNESOTA NEWS

EDINA: Darrell G. Knudson of the First Southdale National Bank was recently promoted to vice president and head of the commercial loan department. He replaces Tom Allen who will supervise the operations

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.



CENTRAL NATIONAL BANK AND TRUST COMPANY
Member Federal Deposit Insurance Corporation

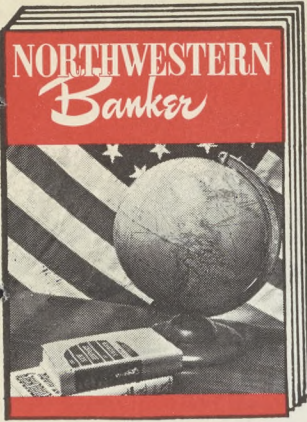
YALE® SECURITY EQUIPMENT

NOW AVAILABLE FROM THE SPECIALISTS
TO YOUR STATE BANKERS ASSOCIATION
FOR BANK EQUIPMENT SALES/SERVICE

F. E. DAVENPORT
REGIONAL OFFICE
2066 FARNAM ST.
OMAHA, NEB. 68102



YALE
BANK SERVICE DIV.
RYE, N.Y. 10580



306 Fifteenth Street
DES MOINES, IOWA 50309

Send **Your News** Today to the **NORTHWESTERN BANKER**

Tell Us About

Staff Changes
Business Campaigns
Mergers, Consolidations
New Departments at the Bank
Remodeling or New Building

Open Houses
Anniversary Parties
Deaths or Retirements
Speeches Made by Bank Officers
Special Announcements to the Public

BANK

OFFICER **TITLE**

CITY **STATE**

and personnel divisions. Rollie Holt now heads the installment loan department.

ELYSIAN: A change in the larger stock ownership of the Elysian State Bank has been made according to an announcement by R. L. LaFrance, president, by the sale of a large part of his bank stock to his two sons, R. Eugene LaFrance and Michael A. LaFrance. Eugene LaFrance has been a director and an inactive vice president of the bank for the past six years, but with this change he will become executive vice president. Michael LaFrance is presently assistant cashier.

NEW PRAGUE: Louis H. Shears has announced his resignation as president of the First National Bank. He has been president of the bank for the past year and one-half.

WORTHINGTON: The First National Bank recently opened a new three-lane auto banking facility. Harry N. Dirks is president of the bank. It is the newest drive-in facility in southwest Minnesota and features two walk-up windows in addition to the three lanes for traffic.

ILLINOIS NEWS

ALTON: The FDIC has approved insurance for the Metropolitan Bank and Trust Company. Total capitalization is \$750,000. Norman Backues is president of the bank.

CHICAGO: Talman Services Corp., a wholly-owned service corp. of Talman Federal Sav. & Loan Assn., has received a state license to operate an insurance agency in Illinois. Approval must also be granted by The Federal Home Loan Bank Board.

HARRISBURG: The Comptroller of the Currency has given approval for a branch to Harrisburg National Bank.

HARVEY: Directors of First State Bank elected John J. Kujawa of Lemont to president. He will succeed the late Howard D. Koencke who was president of the bank for eight years.

MORTON GROVE: The First National Bank has announced the following promotions: Marvin vonAswege to president from executive vice president; Charles R. Langfeld to executive vice president from vice pres-

more bank
for your
money.

SNB
**SECURITY
NATIONAL
BANK** 6TH AND PIERCE
SIOUX CITY IOWA

ident; Richard E. Smith, assistant vice president; Harriet W. Bocek, assistant cashier in installment loans and Arlene Witt, assistant cashier in real estate.

WOODSTOCK: The FDIC has approved an application from the State Bank of Woodstock for a new motor facility.

WYOMING NEWS

WORLAND: George T. Muirhead, chairman of the Stockgrowers State Bank, and Dennis G. Bonner, president, have announced sale of the controlling interest of the bank to a group consisting of James Prell, Worland; Mr. Bonner and Gene Bannister of Gillette; Glenn Plummer and Bill Davies. Mr. Prell will be the only member of the new ownership to participate in active management of the bank.

WISCONSIN NEWS

EAU CLAIRE: The Comptroller of the Currency has announced approval of a branch application for the American National Bank and Trust Company.

MAYVILLE: The Federal Reserve

BANK INVESTORS

3521 Beaver Ave. Des Moines, Ia. 50310
Phone (Area Code 515) 277-6211
NEGOTIATING PURCHASE AND SALE
OF BANKS EXCLUSIVELY

Richard C. Newlin, President

System has approved an application by the Marshall and Ilsley Bank Stock Corporation of Milwaukee to acquire 80% or more of the voting shares of the State Bank of Mayville.



Harriette Allison

NEED

BANK

EMPLOYEES?

We have experienced and qualified bank personnel registered—write and tell us your needs.

**BANKERS
PERSONNEL
SEARCH, INC.**

"Serving Employee and Employer Confidentially"

1314 REGISTER & TRIBUNE BUILDING • DES MOINES, IOWA

Phone - 515-282-4446



Larry Welch

We know the importance of your
bank to your community.
Correspond with us.

**IOWA-DES MOINES
NATIONAL BANK**

Member Federal Deposit Insurance Corporation

Call on the "Performance Team"...

Specialists in underwriting and distributing Municipal Bonds.

FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN

13th and M Street • Lincoln, Nebraska 68501 • Member, F.D.I.C.





COULSON CANNON AND MUIR

Three of our men
on your side at



Fred Coulson



Tom Cannon



Dick Muir

COMMERCE BANK of Kansas City

The new law requires not only that bank holding companies include only enterprises that bear a relationship to banking. The law requires as additional tests that there be benefits in the form of competition and public service that outweigh specified possible adverse effects.

"It is the function of banking to serve commerce. This function must not be gainsaid by acquisitions that would cripple the willingness or ability of banks to expand competitive commerce in the community the bank serves. Certainly, banking competition must not be reduced.

"What general criteria can you expect to be applied? They can be stated very briefly. They are competition, public convenience, efficiency, and the effects upon banking practices.

"We proposed, in January—less than a month after passage of the new law extending our regulatory authority to all bank holding companies—ten lines of activities to be regarded as closely related to banking, and thus in general permissible for bank holding companies.

"We have received relevant comments in three areas—data processing, leasing and insurance activities—that point up the difficulties we shall encounter in making decisions.

"The Board said in its initial proposals that applications to establish new bank-related firms in lines of activity designated by regulation as appropriate, would be deemed approved unless the applicant were notified by the Board within 45 days after we acknowledge receipt of the application that the Board wishes to analyze the proposal. We are attempting to formulate guidelines identifying circumstances in which we would consider acquisitions

of existing businesses by bank holding companies to promote competition, and to consider applying this same 45-day approval procedure to such acquisitions.

"It would be the worst form of negation of the intent of Congress in passing this law to set up administrative procedures that would abort its implementation. Nevertheless, our procedures must be such as to keep clear the arteries of competition, and to encourage new and improved services to the public. To that end, we will hold hearings aimed at giving us information and insights with respect to the competitive and public interest aspects of various lines of activities.

"I indicated at the outset of my remarks that I believe the public at large, the national interest and the economy in general will all benefit from the new kinds and greater reach of competition the current banking legislation makes possible. Consequently, we intend that our procedures will permit early and useful implementation of the new law."

WANT ADS

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

FOR SALE

One—Postronic recently reconditioned—\$500. W. H. Kortum, V.P., Western State Bank, 663 University Ave., St. Paul, Minnesota 55104.

POSITION WANTED

Loan officer with many years of banking wishes a challenging position with a progressive bank. Write File FDS, c/o NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

BETTER FARM & RANCH RECORD-KEEPING SYSTEM

It's PROFITAB...brand new from Doane's. Innovative. Fast. Complete. Only \$5.95. Send to D. R. Gorr, Doane Agricultural Service, Inc., Dept. 702, 8900 Manchester Road, St. Louis, Missouri 63144.

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.

PROTECT YOUR FARM LOANS

Send Doane's Farming For Profit monthly farm management newsletter. Latest ways to save money, increase yields and profits. Mailed direct by us with your imprint. Low cost. Free sample, D. R. Gorr, Doane Agricultural Service, Inc., Dept. 702, 8900 Manchester Road, St. Louis, Missouri 63144.

AVAILABLE

Cash-Flow Budget and Farm Loan Application forms for the banker who wants to update his farm loan procedures. Samples for inspection. Farm Business Council, Inc., 1300 Hagan, Champaign, Illinois 61820.

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

Please Contact: J. Mason Henry, Pres.
CHARLES E. WALTERS CO., INC.
P. O. Box 1313, Omaha, Neb. 68101
Phone: (402) 553-6400

No. 1281 Northwestern Banker is published five times monthly (including magazine issue) 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.