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How To Use Correspondent Services

Do you as a unit bank make the best use of your correspondent relationships?

This question was the basis for a panel discussion featured at the State Banking Conference, sponsored by the Iowa Bankers Association in Des Moines last week. Seven well-known city correspondent bank officers presented their comments to 363 country bankers.

Members of the panel were: William B. Aldrich, assistant vice president, American National Bank and Trust Company, Chicago; Jack Beets, vice president, City National Bank and Trust Company, Kansas City; Don Anderson, second vice president, Central National Bank, Chicago; John Diefendorf, vice president, Security National Bank, Sioux City; Robert Stokes, assistant vice president, First National City Bank, New York; J. F. Gruenwald, vice president, Davenport Bank and Trust Company, and Robert Ziemer, vice president, Northwestern National Bank, Minneapolis.

Discussion covered six general areas as follows:

1 In view of expanding farm credit demands, what are city correspondents doing to assist rural banks?

Panel members agreed that city banks will have to allocate more funds for agricultural credit. At the same time, country banks will have to recognize the larger agricultural loans as true commercial loans, making available sound financial statements and cash flow projections for each major borrower. Rates and terms would be tailored to individual areas — and if they do not meet city correspondent's requirements the differences would be made up through balances. Panelists believed that during certain periods there would be greater use of agricultural credit corporations, field warehousing of cattle loans, and bankers' acceptances.

2 With a greater abundance of money in city banks, why are correspondent banks continuing to ask for larger balances either on a correspondent or compensating basis?

Panelists reminded rural bankers that much of the money coming in is in the form of time money —

not demand money — and that they must work a two-way street just in the same manner as rural banks must do. It was also stressed that city banks must have a continuing relationship that entitles rural banks to all services. A reminder was given that when money was tight city banks still made funds available to country correspondents. Today — when city banks have excess funds, they must still "play the same ballgame."

3 Are city banks prepared to take care of all country banks' needs? For example, it seems that nearly all the city banks want short-term cattle paper, but they do not want mortgage paper.

The majority of panelists agreed that city banks must take a broader view and thinking must be redefined. On the other hand, one panelist warned that the first priority of a small bank is liquidity and that if too many long-term commitments are made by a rural bank they are asking for problems. In view of the fact that you can't make long-term loans on short-term balances, it was suggested that rural banks should give customers every service they can and line up alternate sources for other services. For example, pro-

(Continued on back page)

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IOWA NEWS

ANTHON: Robert Cloud has been advanced to a.c. at the First Trust & Savings Bank. He has been assisting in the insurance agency, lending and teller work. P. H. Hughes has resigned as a.c. to join an insurance agency in Rock Rapids.

BLOOMFIELD: Richard Nyswonger has been named farm rep at the Davis County Savings Bank. He will be working with Lowell French, who has also served as farm rep. Mr. Nyswonger is a member of a prominent area farm family.

COLUMBUS JUNCTION: Columbus State Bank has purchased additional adjacent property for possible future expansion.

DES MOINES: George Schaller, v.p., Citizens First National Bank, has been elected pres., Federation of County Bankers of the Iowa Bankers

Assn. Elected to assist Mr. Schaller are: v.p., Don Kout, exec. v.p. & cash., Farmers & Merchants Savings Bank, Lone Rock, and secy., James. Mallen, Pres., Farmers Savings Bank, Kanawha.

DES MOINES: New officers of the Iowa Junior Bankers are: pres., Elgin Morris, v.p., Iowa County Savings Bank, Marengo; v.p., Joe Lawler, a.v.p., State Bank, Fort Dodge, and secy., Gary Stevenson, a.v.p., First National, Sioux City.

DES MOINES: Applicants for a proposed Okoboji Marine State Bank, Arnolds Park, have asked the Polk County District Court to require Supt. of Banking Collin W. Fritz to grant them a state charter.

The men claim Mr. Fritz "illegally" and "arbitrarily" denied them a charter March 12.

Judge A. B. Crouch ordered Mr. Fritz to produce by April 26 all the evidence and testimony used in reaching his decision.

Plaintiffs in the lawsuit are D. E. Grant, J. R. Harrison, Don K. Evans, Richard C. Ruth and Gerald L. Moeller, all of Spencer; Darlowe Oleson and J. Harvey DeVries of Okoboji; Gail M. Richardson of Jefferson and A. K. Ruebel of Spirit Lake.

The national banking department had previously denied a charter for a national bank at Arnolds Park filed by E. W. (Al) Maser, who continues to maintain an office there through the First National, Sibley.

NEW HAMPTON: Construction has started on the new building for Security State Bank. Stolz Construction

of New Hampton is the general contractor.

NORTHWOOD: Northwood State Bank has announced plans to build a new building during 1971. No contractor has been named yet.

VICTOR: Farmers Savings Bank has announced plans to build a new building, consisting of 2,889 square feet. Completion is expected this fall.

CONVENTIONS

April 21-24—ABA Executive Council Spring Meeting, The Greenbrier, White Sulphur Springs, W. Va.

April 27-28—Illinois Bankers Association Annual Trust Conference, Stouffer's Inn, St. Louis, Mo.

April 27-30—North Dakota Bankers Association annual trip to Washington, D. C.

April 28-30—Bank Marketing Institute Regional Conference, Washington Plaza Hotel, Seattle.

May 2-4—Nebraska Bankers Association 74th Annual Convention, Omaha Hilton, Omaha.

May 2-5—Bank Marketing Institute Officer Call Workshop, Ambassador Hotel, Chicago.

May 3-5—ABA National Automation Conference, Americana of New York, New York City.

May 9-11—BAI 21st Northern Regional Conference, Statler Hilton Hotel, Detroit.

May 12-14—North Dakota Bankers Association 86th Annual Convention, Fargo.

May 13-15—Association of Registered Bank Holding Companies 11th Annual Meeting, Radisson Hotel, Minneapolis.

May 19-21—Bank Marketing Institute Regional Conference, Radisson South Hotel, Minneapolis.

May 19-22—American Safe Deposit Association 40th National Convention, Pfister Towers, Milwaukee.

May 20-21—South Dakota Bankers Association 79th Annual Convention, Sioux Falls.

May 23-26—Bank Marketing Institute, Marketing Research Conference, Marriott Motor Hotel, Atlanta.

May 23-26—ABA 11th National Mortgage Conference, Radisson Hotel, Minneapolis.

May 23-28—ABA International Monetary Conference, Munich, Germany.

May 24-26—AIB National Convention, Astroworld Motor Hotel Complex, Houston.

May 27-29—Colorado Bankers Association 70th Annual Convention, Broadmoor Hotel, Colorado Springs.



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MONTANA NEWS

GALLATIN: Gallatin Trust & Savings Bank recently opened new drive-up and walk-up facilities at 223 West Main Street.

PLENTYWOOD: Funeral services were held recently for Duane M. Tucker, 49, pres., Security State Bank, who died following a heart attack.

MINNESOTA NEWS

FREEPORT: Open house was held recently at the Freeport State Bank, which has undergone extensive remodeling and reconstruction inside and outside.

MINNEAPOLIS: Minnesota bankers will meet at Hotel Leamington, April 28-29 for the Annual Consumer Lending Conference. Registration will start at 1:00 p.m. on April 28, and the formal program will be called to order at that time.

Highlights of the first day program include: "Update on Reg. Z"—M. L. Burstein, Fed of Minneapolis, and "Introduction To the Fair Credit Reporting Act"—James Halls, attorney. The second day program will include: "1971 Legislative Scene"—Truman Jeffers, MBA exec. v.p., and a series of panel discussions on various aspects of consumer lending. The reception and dinner will be held starting at 6 p.m. during the first evening.

ILLINOIS NEWS

CHICAGO: George H. Weiner, pres., Belmont National Bank, has announced that William Whitt has been elected auditor. He was previously with LaSalle National Bank and Continental Illinois National Bank & Trust Co.

CHICAGO: The Illinois Bankers Association has announced the 34th annual IBA Trust Conference will be held at Stouffer's Riverfront Inn, St. Louis, Mo., April 27-28.

This year's conference will focus attention on a variety of current and important topics. Qualified experts will discuss such matters as: "Local, State and Federal Legislation"; "The Corporate Fiduciaries Association—A New Voice for Our Industry";



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try"; "A Look at Farm Management in The Seventies"; "Ecology"; "Investment Implications of a Turn-around Economy"; "Portfolio Strategy"; and "Industry Appraisals."

NORTH DAKOTA NEWS

BISMARCK: About 30 bankers and their wives are going to join the North Dakota Bankers Annual Washington Legislative and Administrative Conference next week. The group will leave Minneapolis on Tuesday, April 27 and return Friday, April 30.

NEBRASKA NEWS

LINCOLN: A bill attacked by its opponents as a step toward branch banking was killed in committee by the Nebraska legislature. LB 946, sponsored by Terry Carpenter of Scottsbluff, would have allowed any bank in a first-class city to establish an additional detached auxiliary teller office anywhere in the city limits. It was reportedly sponsored by bankers in Scottsbluff, Fremont and Kearney. "First-class cities" are ones with 5,000 population or more.

MILFORD: Open house was held this past Friday by the Farmers and Merchants Bank in its new bank building.

OMAHA: Omaha National Bank has advanced Robert E. Johnson from sr. v.p. to exec. v.p. The bank also named John D. Minton, pres., Mutual of Omaha, to the board. He replaces V. J. Skutt, chmn. of Mutual of Omaha, who has retired from the board. Mr. Skutt will continue as a member of the bank's advisory committee.

OMAHA: Max E. Rupe, CPA in Omaha, has reportedly taken exception to a denial of a bank charter at Irvington by Henry E. Ley, state banking director. Mr. Rupe, who was listed on the application as chmn. and pres. of the proposed bank, said he hasn't decided whether his group will appeal the decision. The appli-

cation was made last December and the hearing was held February 16, 17 and 18.

SALEM: The Nebraska department of banking on April 5 filed a declaration of insolvency in Richardson County District Court against the Bank of Salem. Stockholders had until April 15 under state law to request the court to enjoin the department from proceeding with liquidation.

Since then, John Allee of Falls City, who sold the bank, has been charged with embezzling about \$19,000 from the bank before the sale. Preliminary hearing is May 10.

State Banking Director Henry Ley said the state has learned that the new owners, residents of Montana, California and Oregon, gave Mr. Allee \$30,000 as a down payment on the bank.

The new owners borrowed \$45,000 from the bank shortly after buying it, according to a state audit, which is continuing. One of these men, William Van Fleet of Circle, Mont., has since repaid the \$15,000 he borrowed, according to the Nebraska department of banking. The others have not yet been contacted.



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(Continued from Page 1)

viding mortgages might best be done by arranging money through life insurance companies or specialized mortgage lenders.

4 Should country correspondent contact a specific department in a city bank—or contact the man he knows in the correspondent division?

Panelists agreed that it is usually best to contact the man he knows in the correspondent department for all services, with the possible exception of the bond department. If a rural banker has frequent dealings with an investment department of a city bank, he may prefer to deal direct with that department.

5 Where city correspondent has more than one account in the same city or town, which bank do they favor?

Numerous examples were cited where the bank that called or came in first—regardless of balance—received priority. In the area of accounts from a new industry, however, it was stressed that corporate treasurers are currently making their own decisions—and not relying on city bankers due to a number of reasons, including pending legislation in Washington.

Some disagreement developed as

to whether or not a city bank can service more than one bank in a rural community. A number of panelists agreed that they welcome all business—but often they do not actively seek business from “the other bank” in a rural area.

With the continuing interest in data processing, panelists suggested that rural banks should check with their city correspondent before purchasing expensive equipment. City banks have become specialists in the electronic field, and correspondents should take advantage of their knowledge as well as diversified services.

The panel discussion concluded with the thought that “balances do wonderful things” in that they put city banks in the position to offer a wide variety of services to correspondents.

ILLINOIS NEWS

URBANA: Controlling interest in the Busey First National Bank has been purchased by Douglas C. Mills and Howard McKee from Mr. and Mrs. James B. Klassen. Mr. Mills will resign as 2nd vice president of American National Bank & Trust Co., Chicago, to become chairman of the board in Urbana. Mr. McKee will serve as chairman of the executive committee. He holds substantial interests in a number of Illinois banks, including Citizens National

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Bank, Downers Grove, where he serves as chairman, and Wheeling Trust & Savings, where he is chairman of the executive committee. Both men will be on the board in Urbana. No other officer changes have been announced.

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