

NORTHWESTERN Banker Newsletter

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Fed Wants Money System Changes

The Board of Governors of the Federal Reserve System has issued a policy statement calling for basic changes in the nation's system for handling money payments. The Board terms its changes as essentially transitional steps toward replacing the use of checks with electronic transfer of funds.

The Board's statement was directed to the presidents of the 12 Federal Reserve Banks. It feels that modernization of the nation's means of making financial transactions through the banking system is becoming "a matter of urgency."

Not every authority feels this sense of urgency. The check payments system assessment study, conducted by Arthur D. Little, Inc. for the Monetary and Payments System Planning Committee (MAPS) of the ABA early this year, indicated no such urgency. In fact, the study concluded that the nation's check payment system can be maintained in an operationally sound condition through 1980, given continuing effective bank management.

The Board asked for action "to achieve as soon as possible an accelerated flow of funds along more optimal routing patterns" across the nation, in two initial ways:

1. **Structural changes** in handling and settlement of checks:

This would involve two alterations in the existing money payments system. First, zones of same-day settlement — in immediately available money — now



operating in cities with Reserve Bank offices, would be expanded geographically. Second, new regional centers would be established, wherever warranted, for rapid check clearance in immediately available funds.

In both cases, the Board has in mind clearing areas as large as permitted by reliable arrangements for overnight presentation and settlement of items.

2. **Operational changes:**

These would be aimed at reducing dependence upon checks by encouraging banks and their customers to make greater use of the expanded capabilities of the Federal Reserve System's communications network.

Inducements to begin replacement of money transfers by check with transfers via wire would be offered by (1) removing charges and other restrictions upon the use of the Federal Reserve's wire network by member banks for transfers of \$1,000 or more for their customers, (2) increasing the number of hours the network is open for business

daily, and (3) expanding facilities at Reserve offices, where justified by traffic potentials, to equip them for high speed tape transmission and computer-to-computer communications.

This would permit linkups, chiefly of commercial bank computers through the use of Federal Reserve facilities, allowing virtually instantaneous payment, without charge for the wire service, from a commercial bank in one part of the nation to a commercial bank in any other part, where both banks are Federal Reserve members and have computerized accounting of their customers' deposit balances.

During the past year zones of immediate payment surrounding the Kansas City, the Minneapolis and the Denver Federal Reserve offices have been expanded. The first — experimental — new regional clearing center was established for the Washington-Baltimore area, and is now in its second year of successful operation. The second such regional clearing center will become operational in Miami, Florida, this year. Only one month ago, the Fed announced that Wyoming banks will be served by the Denver branch of the Federal Reserve Bank of Kansas City. The Omaha branch had served Wyoming since 1917.

Looking to the immediate future, it is likely that Des Moines will be selected for a new regional clearing center for the Federal Reserve Bank of Chicago. At this point, it is not determined as to the area that it might serve — but it is

(Continued on back page)

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IOWA NEWS

BLUE GRASS: Work is being completed at Blue Grass Savings Bank and a move to a new building is planned for July according to a recent announcement.

CHARITON: William J. Carter has been named executive vice president of the National Bank and Trust Company according to a recent announcement by Marion Coons, chairman. Mr. Carter, who replaces the late Maurice Nickel in the position, has been a vice president at the bank.

CRESCO: Garold Weasmer has assumed the post of executive vice president of the Cresco State Bank, which following a recent change of stock ownership, resulted in a change in officers and directors. Controlling interest in the bank was sold to A. M. Saylor of Hampton, who has been named chairman of the board. Ray Farnsworth has been named president; Paul Farnsworth, vice president and cashier; Donald R. Byrnes, assistant cashier; and Baird F. Lomas, director.

DES MOINES: Richard C. Remer has been elected assistant cashier of the Northwest Des Moines National Bank. He has primary responsibilities in the bank's installment loan department. He joined the bank in 1970.



Larry Welch

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**IOWA-DES MOINES
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DES MOINES: Brenton Bank and Trust Co. of Urbandale will open this fall under J. C. Brenton as president. Mr. Brenton is currently vice president and treasurer of Brenton Banks, Inc., David L. Nagel will become vice president and cashier of the new branch; Paul Sandhorst will serve as vice president and office manager and Elizabeth Tennant will serve as assistant office manager at the new location.

MINNESOTA NEWS

DELAVAN: John V. Howison of Bloomington has accepted the position of cashier at the Farmers State Bank of Delavan.

EMMONS: Jerome M. Jacobson has been elected cashier of the First National Bank of Emmons after serving as assistant cashier since 1969, according to Herbert A. Lund, president.

MINNEAPOLIS: The sixth session of the Minnesota School of Banking, sponsored by the Minnesota Bankers Association was conducted last week on the campus of St. Olaf College in Northfield. According to Truman L. Jeffers, school director and executive vice president of the MBA, over 140 bankers attended the 1971 school.

MINNEAPOLIS: The Comptroller of the Currency has just announced receipt

of an application of Bankshares Incorporated for prior approval to acquire at least 80 percent of the voting shares of Olmsted County Bank and Trust Company in Rochester.

ST. PAUL: Plans to affiliate First National Bank of Hutchinson with Mid-America Bancorporation, Inc., St. Paul holding company were announced by David A. Shern, president of Mid-America and W. T. Richards, president of First National. The affiliation would be achieved through exchange of stock, subject to approval by the Federal Reserve Board.

MONTANA NEWS

New officers elected at the Montana Bankers Association convention at Jackson Lake Lodge, Wyo., last week are: President — Reubin G. Johnson, president, Continental National Bank, Harlowton; 1st Vice President — B. G. Paige, president, Flint Creek Valley Bank, Philipsburg; and 2nd Vice President — Roger H. Ulrich, president, First State Bank, Malta. Robert C. Wallace, Helena, continues as secretary-treasurer.

WYOMING NEWS

LARAMIE: George J. Forber, chairman of the board of Bank of Laramie has announced the appointment of two new directors. They are Jack Dinwiddie, well-known retired rancher, and Fred J. Ockers, president of Laramie Motors, Inc.

NORTH DAKOTA NEWS

BISMARCK: Ruben Sailer has recently been elected cashier for the Bank of North Dakota. He succeeds the late Delvin T. McNeill who passed away on March, 1971. Mr. Sailer joined the bank in 1948.



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COLORADO NEWS

DENVER: The Federal Reserve Board voted 5 to 2 recently to approve the proposed acquisition of the National State Bank of Boulder by the First National Bancorp. of Denver. First National Bancorp. announced Nov. 10 that it had reached agreement with Centennial Investment Co., of Birmingham, Mich., to acquire the bank. Centennial Investment owns 90% of the outstanding stock of the Boulder institution. The price will be \$115 a share, more than \$4.3 million for all outstanding shares. The U. S. Justice Department, which has attempted to block other First National Bancorp. acquisitions, has 30 days to object to the FRB action.

SOUTH DAKOTA NEWS

ABERDEEN: Dan Culey has been elected assistant cashier of the Aberdeen

National Bank according to L. A. Johnson, president of the bank. Mr. Culey began his training program with the bank in 1966 while attending Northern State College.

BRANDON: The United National Bank of Brandon will be breaking ground soon for its new building according to Ken Fish, vice president of the bank. The new bank will be completed by October.

NEBRASKA NEWS

ARAPAHOE: R. F. Emmett, chairman of the board of the Citizens State Bank, will celebrate his 60th year with the bank next week. He will be feted at an awards banquet held in conjunction with Arapahoe's Centennial Celebration as "Arapahoe's oldest active businessman." His son, Roland E. Emmett, is president of the bank.

LINCOLN: E. W. "Gene" Bortz, president of the Bank of Panama, Panama, has

been elected president of the Cornhusker Chapter of the Bank Administration Institute at its annual meeting recently in Lincoln. Other officers elected were: Vance M. Zuerlein, First National Bank & Trust, Lincoln, vice president; George Liggett, Jr., First National Bank, Utica, treasurer, and John O'Brien, Geneva State Bank, Geneva, secretary.

ILLINOIS NEWS

ADDISON: A charter has been issued for the organization of the Heritage Bank of Addison, according to the Commissioner of Banks and Trusts. The bank has a total capitalization of \$750,000. John P. Sink is president and Robert A. Storey is cashier.

CHICAGO: Richard M. Hetzer, customer service division, Exchange National Bank, has been elected second vice president. Nissim Rattan has been elected senior vice president and manager of the Tel Aviv, Israel branch.

CHICAGO: The appointment of Joseph J. Kriese, Jr., as operations officer of the Illinois State Bank was announced by John I. Jones, chairman and president.

(Continued on back page)

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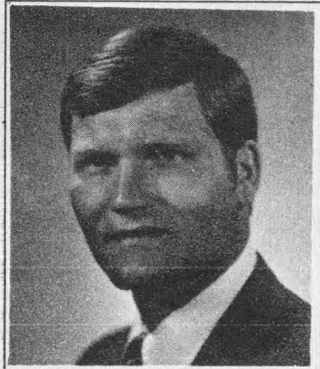
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Illinois News Continued)

HARVEY: John J. Kujawa, president of the First State Bank of Harvey, died recently after a long illness at the Wesley Memorial Hospital in Chicago. Mr. Kujawa was one of the founders and organizers of the First State Bank of Harvey and was a director of the bank since its inception in 1962. He was mayor of the village of Lemont for the past 18 years.

MANTENO: Fred Marty, president, Manteno State Bank, announced recently the immediate construction of a new building facility on a 231 by 154 foot lot, and will be a one story white brick building.

MATTOON: The Mattoon Bank has recently received FDIC approval for insurance according to a recent announcement. The bank has total capital accounts of \$750,000 and its president is Melvin C. Lockard.

NILES: The Bank of Niles recently received approval for a detached facility which will be located at 7108 West Oakton Street in Niles.

SCALES MOUND: The State Bank of Scales Mound, recently completely renovated, has just celebrated the completion along with its 55th anniversary by holding an open house. Officers of the bank are Ida Travis, president, who has been employed there since 1928, and

Eldon Opie and Willis Stadel, vice presidents.

SPRINGFIELD: Fred H. Speece has recently been named trust investment officer at the Illinois National Bank.

Fed Changes

(Continued from Page 1)

known that there is money in the budget for the center and that hearings will soon be held.

More than a few bankers view the Fed's sense of "urgency" as a move to widen its control over the nation's banking system. In another move recently, the Board of Governors renewed their request to Congress to allow the central bank to set reserve requirements for all banking institutions that handle checking accounts. In making the request, the Fed feels that it can maintain tighter control over the money supply.

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