

NORTHWESTERN Banker Newsletter

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Fed Seeks Further District Changes

Bankers are continuing to watch actions by the Federal Reserve System in its attempt to establish clearing centers and to realign certain Fed Districts.

Just recently, the Board of Governors announced its approval of the transfer of 24 counties in Western Missouri from the St. Louis Fed to the Kansas City District. An effective date for the transfer will be fixed by the two Reserve Banks.

This will be the first change in Federal Reserve district boundaries since April 15, 1926, when two counties in New Mexico were transferred from the Dallas District to the Kansas City District.

The Western Missouri area affected by the transfer is economically aligned with metropolitan Kansas City. The transfer would result in shorter distances for check and cash delivery routes. Banks in the 24-county area are located from 25 to 140 miles from Kansas City compared to 165 to 290 miles from St. Louis.

A proposed clearing center for Des Moines is still being studied by the Federal Reserve Bank of Chicago. At the moment, the Chicago Fed is continuing to look at western Iowa. It is understood that the Kansas City Fed would like to pick up some western Iowa counties through its Omaha branch. If the transfer was made, it would no doubt, apply only to check collection. Other operations would continue with the Chicago Fed, perhaps through a Des Moines clearing

center.

After a decision is made on western Iowa, the Chicago Fed plans to look at eastern Iowa. It is not certain at this point whether or not eastern Iowa would continue to clear through Chicago or go through a clearing center established in Des Moines by the Chicago Fed.

Once decisions are made on both eastern and western Iowa, there is a possibility that a further study might be made on northern Iowa. One solution which has been discussed is the establishment of a clearing center by the Minneapolis Fed in Sioux Falls.

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 has recently become operational in Miami, Florida. In May, the Fed announced that Wyoming banks would be served by the Denver branch of the Federal Reserve Bank of Kansas City. The Omaha branch had served Wyoming since 1917.

Some Thoughts On 1972

The forecasts by professional economists for 1972 are, for the most part, quite optimistic, according to Arnold C. Schumacher, vice president and econo-

mist for Halsey, Stuart & Company, Inc., Chicago.

Total output is assumed to grow nearly 9% with prices up 3.5% and real growth 5% or more. It seems fairly certain that the recovery which began a year ago will continue through most of next year. However, the business and investment community is not as exuberant as the economic forecasters, and there are major areas of uncertainty which will not be resolved for another few months.

There are primarily three elements which cannot be appraised with sufficient accuracy to generate strong confidence. The first of these is the functioning of the Pay Board and the Price Commission. Will these groups be able to restrain wage and price increases to significantly lower inflation fears? In addition to current labor contract negotiations there are substantial additional wage gains next year which were written into 1971 contracts. If there evolves a weak line on wage gains coupled with a hard line on prices, this will lead to a breakdown in the whole program. On the other hand, attempts to rigidly limit wage increases, will cause a revolt by labor representatives. No one knows what the outcome of Phase Two will be. Fortunately, basic inflation forces are slowly receding and this may permit a greater degree of success than would have seemed likely a few months ago.

The second unknown is the trend of capital spending. The recovery to date

(Continued on back page)



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IOWA NEWS

ALLISON: Open house will be held by the State Bank of Allison in its new quarters on December 3 and December 4.

CLARION: Donald D. Fox has been named cashier of the Wright County St. Bk. He was formerly with the finance division of Massey-Ferguson.

DES MOINES: An appeal has been filed by the Attorney General on the Arnolds Park case, and the case is expected to be heard by the Iowa Supreme Court within the next 90 days.

The Iowa Banking Dept. had denied an application for a proposed state-chartered bank, to be known as the Okoboji Marine State Bank, and Polk County District Judge A. B. Crouch ordered the charter be granted. The Attorney General filed a motion for a new trial and to correct, enlarge and amend the finding. This motion was overruled by the court.

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SIDNEY: Jim Pullman, Jr., president, Fremont County Sav. Bk., is recovering from a heart condition at Bergman-Mercy Hospital in Omaha.

MINNESOTA NEWS

BLOOMINGTON-RICHFIELD: The Northwestern National Bank of Bloomington-Richfield has announced plans to move from its present location at Hwy. 494 and Penn Ave. S. to the new Northwestern Financial Center now under construction at Hwy. 494 and Xerxes Ave. S. The move is scheduled for January 17. The bank will have a new name - Northwestern National Bank Southwest.

MINNEAPOLIS: The Northwestern National Bank's Seventh Annual Management Conference will be held December 2 starting at 2:00 P.M. at the Radisson Hotel, according to C. Paul Lindholm, vice president. Following the conference there will be a stag duck dinner and a social hour.

MINNEAPOLIS: Marquette National Bank has made preliminary plans to proceed with a proposal to charge an annual \$10 membership fee for BankAmericard customers. It is believed to be the first bank in the nation to charge a fee.

Imposition of the fee is aimed at defraying costs on the bank's card operations. Marquette contends that Minnesota's 12% annual rate ceiling on unpaid balances prevents the institution from making a profit on BankAmericard.

Marquette is the major licensee for

BankAmericard in the upper Midwest. It has 106 agent banks and 150,000 cardholder accounts in three states - Minnesota, North Dakota and South Dakota. Its credit card outstandings are approximately \$8 million.

ST. PAUL: American Bancorporation, Inc. has applied to the Fed for prior approval to acquire directly, and Jacob Schmidt Company, Saint Paul, Minnesota, for prior approval to acquire indirectly, 100 percent (less directors' qualifying shares) of the voting shares of Bank of Minneapolis and Trust Company, Minneapolis.

SANBORN: Sanborn State Bank observed its 70th year on November 12 by holding an open house for its customers.

NEBRASKA NEWS

LA VISTA: An application has been made to the Nebraska Dept. of Banking for a new charter for a bank to be known as First State Bank, to be located at 84th and Harrison. Proposed capitalization is \$350,000. Applicants are: Wm. C. Foxley, Frank R. West, Michael Hogan, Stanley A. Michael, Kermit Wagoner, E. R. Newman, James L. Flood, Charles Myers, and Michael Noonan. Hearing will be in Lincoln at 9:30 A.M., January 18.

OMAHA: An application has been made to the Nebraska Dept. of Banking for a new charter for a bank to be known as The Community Bank of Nebraska, to be located at the corner of 52nd and Ames Ave. (A previous app listed 4920 Ames Ave.) Proposed capitalization is \$500,000. Applicants are: Ambrose Jackson, Jr., Larry W. Station, Harry Walker II, Alvin Gilmore, Jr., Larry W. Myers, Robert Hill, Bob Gibson, Carnell Deason, Harold Whiteside, Charles F. Thomas, and Rodney S. Wead.

OMAHA: Omaha National Bank has promoted: Melvin D. From to research officer, Robert J. Timmins to trust officer, Lavern L. Gell to control officer, Michael L. Green to assistant loan officer and Robert K. Olsen to assistant operations officer.

OMAHA: West Omaha National Bank has advanced Thomas Grove to v.p.

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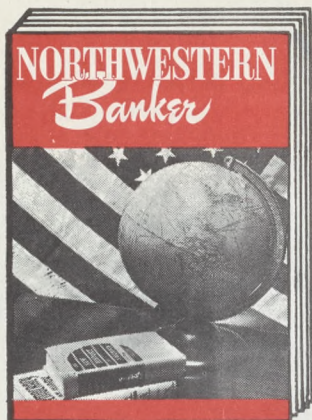
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WYOMING NEWS

TORRINGTON: Title of the Citizens National Bank of Torrington has been changed to The Citizens National Bank & Trust Company.

MONTANA NEWS

RONAN: Olsson's Inc. has applied to the Fed to acquire 85 percent of the voting shares of the Ronan State Bank, and its application has been approved.

ILLINOIS NEWS

CLINTON: The Comptroller has approved a facility for DeWitt County Nat'l. Bk. at 301 S. Grant.

CHICAGO: Joel Shiffrin has been elected executive v.p. of United of America Bank.

CHICAGO: Seymour Berman, senior v.p., has been elected executive v.p. of the Exchange National Bank.

CHICAGO: A permit to organize the North Community State Bank at 3663 North Broadway has been granted. Total capitalization is \$1,250,000. Sherwin Willens of Skokie and five others made the application.

CHICAGO: The state Commissioner of Banks and Trust Companies, H. Robert Bartell Jr., has reaffirmed his liberal policy on new bank charters in Illinois, predicting that a large percentage of the 60 applications currently before him eventually will be approved.

In a speech covering his views on bank chartering and examination and delivered to the annual dinner meeting of the Bankers Club of Chicago, the Commissioner said he strongly supports a chartering policy which encourages free entry and does not stifle competition.

While some bankers and others have privately called for a moratorium on new bank charters in Illinois, because of fears the state is getting too many banks, Mr. Bartell said he holds an opposite view.

"I see no clear evidence yet that we have arrived at such a point," he told the 450 bankers assembled in a Palmer House ballroom. "In fact, the evidence that I do see suggests just the opposite."

"Illinois," he continued, "has one of the lower ratios of bank offices to population of the larger industrialized states. The number of applications for

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new banks probably exceeds that of any other state and the large majority of these applications are from experienced businessmen and bankers who propose to invest anywhere from \$500,000 to several million dollars."

It seems doubtful, the commissioner argued, that the organizers would risk such sums "unless they felt there was some reasonable probability of success in competition with entrenched banks nearby."

DES PLAINES: First National Bank has named Maxwell D. Sawyer a vice chmn., and Arthur R. Weiss as president.

GURNEE: The Comptroller has approved a charter for Gurnee National Bank. Agent for the bank is Frank C. Potter.

HILLSBORO: The Comptroller has approved a facility for Montgomery County Nat'l. Bank at 100 South Hamilton Street.

COLORADO NEWS

DENVER: Lewis L. Gaiter Jr., president of Skyline National Bank, announced the bank will open for business on or about Dec. 10.

Skyline National Bank will be located in a modular structure at 16th and Arapahoe, beside the D&F Tower until restoration of the Tower is complete and the bank is able to move in.

DENVER: James S. Morgan, president of United Banks Service Co., said the company would occupy offices in the Majestic Bldg., 209 16th St. until the company's new quarters are completed in the Denver Technological Center.

DENVER: Approval of a state bank charter for the Frontier State Bank, planned for near S. Monaco Parkway on E. Evans Avenue, has been granted by the Colorado Bank Board, according to

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Harry Bloom, Colorado bank commissioner.

Applying for the charter were a group of Colorado Springs businessmen represented by Ray E. Wilder, Colorado Springs attorney and former Colorado state representative.

The application is one of four pending for the big new shopping center under construction on Academy Boulevard and Templeton Gap Road in north-eastern Colorado Springs.

The other three applications are for national charters.

DENVER: Robert G. Boucher, a vice president of the First National Bank of Denver, has been named to head the bank's mortgage banking division, according to Eugene H. Adams, president.

Mr. Boucher succeeds Clair A. Bacon, who resigned late in October.

Total Credit Outstanding Reaches \$3.6 Billion Mark

Comptroller of the Currency William B. Camp has announced that total credit outstanding at National banks under credit cards and other revolving credit plans reached \$3.6 billion at mid-1971, an increase of 22.2 percent over the \$2.9 billion figure twelve months earlier.

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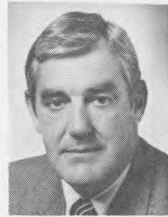
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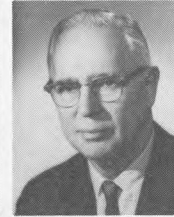


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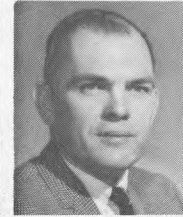
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THOUGHTS ON 1972...

(Continued from Page 1)

has been concentrated in consumer spending and housing, but consumers cannot sustain a cyclical expansion indefinitely. It is vitally necessary for consumer outlays to be reinforced by gains in capital expenditures, and if these do not develop in 1972, the recovery may come to a premature end. Our guess is that capital goods programs will increase by the second quarter of next year, primarily because an improving trend in profits and cash flow will be strong enough to warrant heavier commitments. But business planners want to see more evidence of underlying strength.

The third questionable area is unemployment. With large additions to the labor force and returning Vietnam veterans, unemployment as a percent of the labor force will remain a troublesome figure. It seems to us unemployment will still average close to 5% in the second half of next year and this is likely to become an important election issue. There is also a danger that persistent unemployment will create pressure for large new federal spending programs. This, in turn, would further complicate the major task of controlling inflation.

We believe that over the next several months, the performance of the economy will tend to dispel some of the current fears. Inflation pressures are sub-

siding and the "watch dog" role of the wage and price boards may serve a useful function. It is possible the expansion will be vigorous enough to bring unemployment down at a faster rate than appears probable. However, it is vitally important to maintain a semblance of responsible fiscal and monetary policies.

FED May Approve Armored Car Service

The Federal Reserve Board proposed recently that armored car courier services be included in the list of practices permissible for bank holding companies. The Board scheduled a public hearing Dec. 10 to take testimony on the proposal.

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