

# NORTHWESTERN Banker Newsletter

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## Banks Must Look to New Services for Income

Banks will derive a major share of their income from new "products" or services in the years ahead, and the success of individual banks will be determined by their ability to evaluate and provide such new services, leading market researcher told an audience of bankers in San Francisco today.

According to Gerald P. Feldman, president of Bank Marketing Researchers, Philadelphia, the profitability of banks will not only depend on their willingness to bring out new services — but their care in selecting and adapting such services to the needs of their individual markets.

Addressing a meeting of the American Bankers' Association National Marketing Conference, Mr. Feldman predicted that the marketing revolution in banking of the past decade not only will continue, but will accelerate in the years to come. However, the proper evaluation of new services will be the key to success — and novelty is only one of the standards by which services should be judged, he told the audience at the St. Francis Hotel.

As an example of a new "product" that has numerous inherent dangers, Mr. Feldman, who has been active in bank marketing research for over 20 years, presented a detailed evaluation of the "Super Check" concept.

He stated that this type of check — which enables payment of multiple bills with a single check — varies widely in appeal from market to market. He cited

a "large range of response from a high of 49% in a large Southern city to a low of 19% in a medium size town in New England." Mr. Feldman stated that not



Gerald P. Feldman

only the wide variation was important, but also the standards of measurements for a total of six markets. In these markets the numbers of consumers who rated Super-Checks a good idea ranged as follows: 49%; 38%; 31%; 27%; 22%; 19%.

Pointing out that it is as important to know why consumers object to a service as it is to know why they find it appealing, he listed 9 different reasons why people thought Super-Checks were not a good idea. These are important not only in evaluating the service, but in knowing how to promote it, he said.

Going further, Mr. Feldman pointed out that "demographics" make an enormous difference in the acceptability of a service such as Super-Checks. In one market where the service was thought to be a good idea by 38% of respondents,

acceptability varied from 34% of persons 60 years or older to 52% of persons under 30.

While 25% of persons with under \$6000 income were positive about the service — 44% of those earning over \$15,000 were positive.

Finally, Mr. Feldman stated, it is vital to differentiate between those who think an idea is good, and those who would be willing to buy the service. Therein lies the ultimate profitability of the service — and there is frequently a serious disparity between liking and buying. As an example, in the market where 38% thought Super-Checks were a good idea, only 14% were very interested, — indicating a much smaller market than the number of "likers" would indicate.

Research, Mr. Feldman concluded, is one of the most valuable tools available for evaluating new banking "products."

"The decision as to whether formal research is required depends on how much risk would be involved in bringing out a possible bomb," Mr. Feldman said. "The greater the risk, the greater the need for research. I would also say that effective research need not be expensive, and that for most consumer products the cost is generally minor in relation to the start-up cost of the product itself."

### Prime Rate Rises Again

First National City Bank and Irving Trust Company, both of New York, adjusted their floating prime rate last week upward from 4-1/2% to 4-3/4%. Citibank had moved its rate earlier from 4-3/8% to 4-1/2%, the first upward move in the prime since last July.

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**IOWA NEWS**

The 51st Annual State Banking Conference sponsored by the Federation of County Bankers Associations and the Iowa Junior Bankers Association will be held at Hotel Savery in Des Moines on Thursday, April 6. Registration starts at 8:00 a.m. and the meeting will be called to order at 9:00 a.m. by George H. Scahller, pres., Federation of County Bankers, and vice pres., Citizens First National, Storm Lake. The morning program will be as follows:

“Proposed Changes in the Payments System” – Dale C. Smith, exec. v.p., Central National Bank & Trust, Des Moines.

“Banks and the Wage and Hour Law” – Paul Lynn, area director, Wage and Hour Division, U.S. Department of Labor.

“The 1972 Legislative Session – Panel Discussion” – Moderator, Arthur E. Lindquist, Jr., exec. v.p. & secy., Iowa Bankers Association. Panel Members: Sen. Herbert L. Ollenburg, Sen. George F. Milligan, Hon. Harold O. Fischer and Hon. Philip B. Hill.

The noon luncheon will be followed by election of officers for the two sponsoring groups.

The afternoon session will be reconvened by Elgin Morris, pres., Iowa Junior Bankers, and vice pres., Iowa County

Savings, Marengo. The afternoon program:

“A Look at Banking in the United States” – Charles R. McNeill, exec. dir., Government Relations, American Bankers Association, Washington, D.C.

“A Look at Banking in Iowa” – Herbert B. Howell, professor, Agricultural Economics, Iowa State University.

“New Business for Your Bank and Success for You” – Somers H. White, president, Management and Financial Consultants, Phoenix, Ariz.

Adjournment will be at 4:15 p.m.

AMES: The annual series of one-day Agricultural Credit Conferences has been announced by Herbert B. Howell, extension economist for Iowa State University, and John A. Walther, chairman of the IBA Ag Credit School Subcommittee and pres., Renwick Savings Bank. The conferences will feature credit files and bank examinations, beef cows and cash flow, land prices, rural community development requirements, and grain and livestock prices in 1972-73. The meetings will start with registration at 9:00 a.m. and conclude at 4:00 p.m. The registration fee of \$8.00 per person includes lunch, coffee and materials. The six meetings will be held as follows:

April 12 – Cobblestone Inn, Storm Lake.

April 13 – Atlantic Country Club, Atlantic.

April 18 – Montrose Hotel, Cedar Rapids.

April 19 – Rogers Famous Foods, New Hampton.

April 20 – Red Lyon Inn, Ottumwa.

April 25 – Sun Room, Memorial Union, Ames.

BAXTER: Jack Edge, president, State Savings Bank, has announced that open house will be held in the bank's new building on April 9 from 1:00 p.m. to 6:00 p.m. Mr. Edge has extended an invitation to all bankers to attend.

DES MOINES: A seminar on “Improving Communication in Your Department and Organization” will be conducted by the Administrative Management Society at the YMCA from 8:30 a.m. to 4:00 p.m. on April 6. Registration (fee is \$30) may be sent to Paul White, c/o Central National Bank & Trust Co., 6th & Locust, Des Moines. Dr. Donald Kirkpatrick, professor of management development at the University of Wisconsin, will conduct the seminar.

GRINNELL: A meeting of the Poweshiek County Bankers Association has been scheduled for Tuesday, April 18, at Grinnell Country Club, according to Ken Benda, president of the association and president, Hartwick State Bank. A social hour from 6-7 p.m. will be followed by the business meeting at 7:00 p.m., at which time Wendell Gibson will discuss “Current Legislation.” Mr. Gibson is legal counsel for the Iowa Bankers Association. All bankers in Poweshiek County, neighboring communities and correspondent bankers are invited to attend, Mr. Benda stated. An election of new officers also will be held.

MARCUS: Stanley O. Nervig, assistant cashier at Farmers State Bank, was appointed to the bank's board of directors to fill the vacancy created by the resignation of Steven Van Dyke. Mr. Nervig started working in Marcus in 1956 after working two years at the Toy National Bank in Sioux City.

RED OAK: Gary Turner, 35, has joined Houghton State Bank as a vice president. He was assistant vice president at Council Bluffs Savings Bank until resigning that position March 14.

SPENCER: Robert L. Krzmarzick, 38, president of the Spencer National Bank, died March 18 of a heart attack.

TIPTON: Cecil P. Mathias has been elected to the board of directors of Tipton State Bank to fill the vacancy created by the recent death of D. C.

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Armstrong, 76, who had been a director of the bank for 27 years. Mr. Mathias, whose address is Route 2, Mechanicsville, is a well-known Cedar County farmer.

## ILLINOIS NEWS

CHICAGO: Russell T. Cramer, president and chief executive officer of Pioneer Trust & Savings Bank announced three promotions. James P. Collins has been elected manager, purchasing and facilities; Joan L. Behrendt is now real estate loan officer, and Sylvia F. Aceto is assistant cashier.

CHICAGO: Anthony T. Catalano has been elected executive vice president of Capitol Bank.

CHICAGO: Dorothy P. Barrell has been named assistant auditor of the Uptown National Bank.

## MINNESOTA NEWS

BIG STONE CITY: Don Richardson has joined the Big Stone State Bank. Mr. Richardson was formerly vice president of a mobile home company in Sacramento, Calif.

MILBANK: Harlan Drube, assistant manager of the Milbank branch of the First National Bank, has resigned that position to become vice president and a director of a newly chartered bank at Olivia, Minn. The bank will be known as the American State Bank.

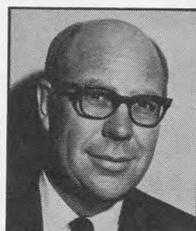
ROBBINSDALE: Guaranty State Bank has withdrawn as a party to the proposed New Hope bank hearings. Only Crystal State Bank now is involved in objection hearings. A pre-hearing conference is scheduled to resolve some of the procedures of the actual hearing which is scheduled for April 10.

ST. PAUL: The First National Bank of St. Paul is having its third Profit Improvement Conference, April 17, at the St. Paul Hilton Hotel. Subjects will be geared to the pace of our changing economy.

TRACEY: Terrence Gere has been named vice president and agricultural representative of the Northwestern State Bank. He was employed formerly at the Northwestern State Bank at Slayton, Minn., for six years.

## MONTANA NEWS

HELENA: Stuart Ellison has joined the staff of the First National Bank and



Homer Jensen  
Correspondent Bank Officer

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Trust Company, according to Robert F. Burke, president. Mr. Ellison will be manager of the agricultural department and assistant vice president.

## COLORADO NEWS

DENVER: An application for a state bank charter has been filed with the state banking commissioner for a bank to be located in the Dillon-Silverthorne area near the intersection of Highway 9 and Interstate 70. It is convenient to several communities and skiing areas. The initial board of directors is comprised of five directors of United Banks of Colorado, Inc.: Roger D. Knight, Jr., chairman of

United Banks of Colorado and United Bank of Denver; Neil F. Roberts, president of United Banks of Colorado and vice chairman of United Bank of Denver; J. Churchill Owen, Maurice S. Brody, and Cris Dobbins. The new bank will be capitalized at \$300,000.

DENVER: A resolution calling for a re-examination of the statutes governing the banking industry's practices, was introduced recently in the Colorado House of Representatives. One practice which will be examined is whether or not the state should have a branch banking law.



George Harnagel

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# PUBLICATION FOR YOUR BANK CUSTOMERS

NORTHWESTERN BANKER will soon be offering the third edition of its new, four-page quarterly publication designed to help individuals and families in your trade area to better manage their personal finances.

The new Spring, 1972 edition will be designed to give your bank's customers motivating ideas for Home Improvement through the use of your bank's installment lending department.

The publication is titled with your bank's name. A picture of your bank president or another picture can be featured on the front page. Write today for sample copies and prices.

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## COLORADO NEWS (Continued)

DENVER: Colorado National Bankshares has announced the election of new chairmen at two of its subsidiary banks. L. L. Aitken was elected chairman of the South Colorado National Bank. He has been a board member since the bank was incorporated in 1964 and is presently an independent oil consultant. J. B. Chambers was elected chairman of the Northeast Colorado National Bank, where he has been a director since 1964.

## WYOMING NEWS

CASPER: Paul A. Christensen has joined Wyoming National Bank as a vice president in the commercial loan department, according to an announcement from R. W. Miracle, president of the bank. Mr. Christensen has moved to Casper from Phoenix, Ariz., where he was associated with Valley National Bank since May, 1971. Prior to that he had been a vice president in the correspondent banking department at United Bank of Denver. He joined the latter bank in 1964 as a management trainee. He is a native of Des Moines, Ia., and is a graduate of Iowa State University, Ames.

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### POSITION WANTED

Experienced consumer finance manager desires position in bank installment loan department. \$8,400 plus. Resume furnished upon request. Write File KNK, in care of NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

### SITUATION WANTED

Man wishes to join experienced banker in \$2 million operation leading to eventual majority stockholder interest. Write File NBX, in care of NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

### WANTED

Young, experienced trust officer with law degree capable of developing business new trust department medium sized city, southwest Chicago suburbs. Write File INB, in care of the NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

### WANTED

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### WANTED

Operations Officer in \$17 million bank, location Northeastern Montana. Send resume to File NBM, in care of NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

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### POSITION AVAILABLE

Larger Eastern Iowa bank wishes to hire an individual experienced in mortgage banking. Must have working knowledge of federal housing programs under FHA, FNMA, HUD, etc. Salary commensurate with experience. Write File EIB, in care of the NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

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