

NORTHWESTERN Banker Newsletter

Vol. 3. No. 2

Des Moines, Iowa

May 14, 1973

Membership Decline Concerns Fed Chairman

Foes within the banking industry who continue fighting uniform reserve requirements could weaken the Federal Reserve Board's ability to control credit, FRB Chairman Arthur F. Burns has warned.

Speaking at a meeting of the American Bankers Association in White Sulphur Springs, W. Va., Mr. Burns said that unless the extension is forthcoming soon it could weaken the Fed's ability "to maintain a stable currency and a sound banking system."

As it presently stands, commercial banks that are members of the Reserve System must set aside a certain percentage of their deposits in regional Federal Reserve Banks. This reserve requirement—which varies depending on the size of the bank—does not apply to banks that are not members of the Reserve.

In addition to nonmember banks, Mr. Burns said the reserve requirements should apply to mutual savings banks.

ABA officials have repeatedly told the Treasury Department they will not support legislation to reorganize financial institutions if the reserve requirements are in it.

In an apparent attempt to point up the seriousness of the problem for the Fed, Mr. Burns noted the erosion of membership in recent years. Since 1960, about 700 banks have left the Fed through withdrawal or mergers while only about 100 of 1,500 new state-chartered banks have joined the system. At the end of 1972, membership in

the Federal Reserve was down to 5,705 from 5,727 a year earlier.

Mr. Burns said that he was well aware that the reserve requirement proposal was



"not viewed with favor by many segments of the banking community, and that is the major reason why this needed reform has been delayed. The proposal would be more palatable to bankers if some part of the Board's reserve requirement against demand deposits could be held in the form of an earning asset, such as U.S. Government securities. I do not want to rule out that possibility categorically."

The FRB Chairman added, "... however attractive reserve requirements in that form may be from the standpoint of bank earnings, they cannot serve a useful function in monetary management. As I noted earlier, satisfactory control over the supply of money and credit requires that bank reserves be held in the form of assets whose aggregate volume is directly controlled by the Federal Reserve."

The principal of the Fed's recommendation is simple and straight forward, Burns

told his audience. Namely, it is that equivalent reserve requirements should apply to all deposits that effectively serve as part of the public's money balances.

"Recent efforts of nonbank depository institutions to evolve new modes of money transfer make adoption of this principle a matter of some urgency," stressed Burns. "If legislative action is delayed, we may soon find a much larger share of money transfers taking place at institutions outside the reach of the Board's reserve requirements."

He then went on to note the growth of "NOW" accounts (negotiable orders of withdrawal) in Massachusetts and New Hampshire and the effort of savings and loan associations in California to gain direct access to an electronic money transfer system operated by California banks.

"The board believes," continued Mr. Burns, "and has so indicated in testimony to the Congress, that Federal regulation should permit developments such as these to flourish, so that the range of services of depository institutions to American families may be extended. The board believes, however, that present trends could have significant adverse effects on monetary control unless reserve requirements established by the Federal Reserve are applied to all deposit accounts involving money transfer services. Failure to do so would also have damaging effects on competitive relations between commercial banks and nonbank thrift institutions."

Mr. Burns stressed that universal application of reserve requirements to all
(Turn to back page, please)

Des Moines' Second Largest

INDEPENDENT!

Correspondent Services with the Personal Touch

Capital City Bank

MAIN BANK: East Fifth and Locust
Phone 515/244-5111 • Des Moines, Iowa 50309



Call
"Helpful
Homer"

Be sure to visit
Tom Hayden,
 your Northwestern
 Correspondent Banker,
 at the South Dakota
 Bankers Convention,
 May 17-18.



Your Full Service
 Correspondent Bank

**Northwestern
 National Bank**
 of Minneapolis Member FDIC

Call him at 612-372-8067

IOWA NEWS

CEDAR RAPIDS: F. Forbes Olberg, president of Banks of Iowa, Inc., has announced the formation of Banks of Iowa Computer Services, Inc. The new company will concentrate existing computer capabilities of the bank holding company into a single corporation.

COUNCIL BLUFFS: Group 5 of the Iowa Bankers Association elected as chairman Dick Goos, vice president, First Natl. Bk., Council Bluffs. H. Rand Peterson, president, Shelby County State Bank, Harlan, will serve as secretary.

DENISON: Lyle Hansen, formerly with the Manning Tr. & Sav. Bk. for 17 years, has joined the First Natl. Bk. as asst. vice president.

DES MOINES: Iowa Bankers Association has announced plans for an executive seminar at Tan-Tar-A resort in the Lake of the Ozarks area on June 6, 7, 8. Cost will be \$75 and details can be obtained by contacting Neil Milner, executive vice president in the IBA office.

FORT DODGE: Richard C. Gray has been named assistant vice president and ag loan officer by the State Bank of Fort Dodge. He has served as an area farm management specialist with Iowa State University.

MILFORD: Dickinson County Savings Bank has named William Holiday as farm rep. He has been Dickinson County ASCS director for 16 years.

POLK CITY: W. C. Miller, president, Polk City Savings Bank, has announced a change in open house dates for his bank's 70th year. The new dates will be May 28 through June 2.

ROCK RAPIDS: The Lyon County State Bank has won Hawkeye Bancorporation's "Outstanding Operating Achievement" award, given annually to a member bank. This is the second time in 5 years Lyon County has won the award. It is based on areas such as growth, operating ratios, profit and support given to parent company.

SHENANDOAH: Ben L. Johnson, president of the City National Bank, died May 8.

WAVERLY: H. C. Nolting has retired as chairman of the First National Bank after 55 active years in banking.

NEBRASKA NEWS

ELM CREEK: Henry E. Ley, director of banking, has officially closed the Elm Creek State Bank, and the FDIC has started paying depositors. Mr. Ley made his announcement on Monday, May 7.

FREMONT: Jerry D. Schiermeyer has been elected to the position of president of the Fremont First National Co. and Fremont First State Co., both one-bank holding companies. Glenn Yaussi was elected vice chairman and treasurer of both companies.

KEARNEY: Jerry D. Schiermeyer of Lincoln was elected to the board and named president of the Kearney First National Co., a bank holding company. Other officers and directors elected were Harold Oldfather, chairman; Glenn Yaussi, vice chairman and treasurer; Paul J. Amen, executive vice president and secretary; Alan M. Oldfather, executive vice president, and Chester Nielsen, assistant secretary and assistant treasurer.

OMAHA: A record attendance of over 1,300 was reported by the Nebraska Bankers Convention. F. Willard Jackman, chmn., Farmers Natl. Bk. Grant, is the new pres. New vice president is Richard Adkins, pres., Osmond State Bk. A complete report will be published by Ben Haller, Jr., editor, in the June magazine issue of the *NORTHWESTERN BANKER*.

ILLINOIS NEWS


CHICAGO: Ralph C. Erwin, formerly with Devon Bank, has joined Mid-America Natl. Bk. as vice pres. in charge of marketing.

CHICAGO: O'Hare International Bank, N.A. has made the following promotions: Thomas H. Detrick to sr. v.p. and cash.; Lloyd W. Bell, Jr., to senior v.p. and senior lending officer, and Richard E. Wilson, to vice pres. and controller.

CHICAGO: Pullman Bk. & Tr. Co. has hired Robert H. Costello as a commercial loan officer. He was with Walter E. Heller and Co.

RIVER GROVE: A permit to organize has been issued by the Comm. of Bks. and Tr. to River Grove State Bank, Corner of Belmont & Thatcher. Capitalization will con-


Valley Bank and Trust Company
 A Banks of Iowa Bank Member FRS • Member FDIC
 Des Moines, Iowa 50304 515/288-9711



**JOHN RODGERS
 WELCH**
 Correspondent
 Banking Officer


When you choose a city correspondent,
 do what over half of the banks in Iowa do
 — bank at MNB.

Terry Martin
 Assistant Vice President



MERCHANTS NATIONAL BANK
 so many ways we can help you

CEDAR RAPIDS, IOWA 52401



Call on the "Performance Team"...

Where the record speaks for itself in the administration of Employee Profit Sharing Trusts.

FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN
13th and M Street • Lincoln, Nebraska 68501 • Member, F.D.I.C.



With our Fiche, you get
a whale of
a service.

IOWA-DES MOINES NATIONAL BANK

Member Federal Deposit Insurance Corporation

sist of \$550,000 capital; \$550,000 surplus, and \$275,000 in reserves. Organizers are Otto L. Bettag, Elmhurst; Robert Greenspahn and Bill Kanetiz of Morton Grove; Sidney Kaufman, Norman Miller, and Nels Werner, all of Chicago.

MINNESOTA NEWS

DELANO: Donald O. Gilmer, chairman, State Bank of Delano, has returned to the bank after having sold Delano Granite, Inc. Homer Luick will continue as president and chief executive. Steven R. Gilmer, 28, will become vice president. It was also reported that Harry J. Jensen, former chmn. and owner of the State Bank of Delano, has purchased control of the Guaranty St. Bk., St. Paul.

MINNEAPOLIS: Northwestern National Bank has advanced eight staff members. Paul B. Damkroger was named a vice president. Named commercial credit officer was C. A. Johnson. Named marketing officer was Ronald Lovick. Bernard Petersen was named operations officer, transit. Elected corporate trust officers were: Vyril Norby, Ralph Lott III, and Kenneth Sandstad. Donna Carson was named probate officer.

NEW HOPE: The New Hope State Bank officially opened for business last week, according to Steven J. Johnson, president. Dennis A. Williams will be vice president and cashier, and Donald A. Moffat, assistant cashier.

WORTHINGTON: State Bank of Worthington has advanced Howard W.

Meyer to vice president, according to Pres. John Troth. He joined the bank a year ago as ag rep.

COLORADO NEWS

DENVER: United Banks of Colorado, Inc., has announced an agreement in principle to acquire the Broomfield Bank in an exchange of stock. It also announced that it has received Federal Reserve Board approval to acquire the National Bank of Delta.

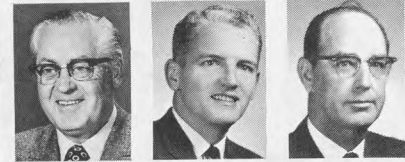
DENVER: Colorado National Leasing, Inc., has begun operation as a subsidiary of Colorado National Bankshares, Inc., a Denver headquartered multi-bank holding company, according to Melvin J. Roberts, president of the parent company. It will engage in full-scale leasing of equipment of regional businesses. Mr. Roberts also announced that William W. Wehner has joined the holding company to manage the leasing operation.

NORTH DAKOTA NEWS

ROLLA: Larry Thiel has been advanced to a.c. and asst. mgr., Timepay Dept., First Bank of Rolla.

DRAYTON: Ken Fish, former exec. v.p. of the Security State Bank, Harlem, Montana, has been named manager of the Drayton State Bank.

LANGDON: First Bank of Langdon has opened a paying and receiving station at the MSR site near Nekoma.



Christy Leo Bob
Armstrong Kane Scott
*'WE HAVE WHAT YOU WANT
in a correspondent bank'*

American Trust and Savings Bank

9TH AND MAIN, DUBUQUE, IOWA
MEMBER FDIC - FRS

SOUTH DAKOTA NEWS

RAPID CITY: The 81st annual South Dakota Bankers Convention will get underway on Thursday, May 17. Golf at Arrowhead Country Club and bowling at Meadowwood Bowling Lanes will start the action. A social hour will be held on Thursday evening at the Howard Johnson Motel starting at 5:30 P.M. The official program starts at 9:00 A.M. on Friday at Howard Johnson's.

MONTANA NEWS

GREAT FALLS: The Bancorporation of Montana has filed an application to acquire the First Security Bank of Glasgow, N. A.

KALISPELL: An application by the First Security Bank of Kalispell for Federal deposit insurance has been approved. The bank has total capital accounts of \$700,000.

MISSOULA: Jerome S. C. Nelson has been promoted to assistant vice president of the Southside National Bank, according to Earl W. Johnson, bank president. Mr. Nelson began his banking career with the First National Bank in Bozeman in April, 1965, and joined his present bank as assistant cashier and manager of the real estate department in 1971.

**United
for
growth.**



**united missouri bank
of kansas city**



Get to know our Correspondent Bankers.

Get to know: (left to right) Leon Winters, Harold Kinney, Lolita Hansen, Bill Fleming and Norm Burkepile. And let them get to know you. Then, when you need help with any of our services, you'll get the help you need. Quickly and efficiently.

COLORADO NATIONAL BANK



17th and Champa • Denver, Colorado 80202 • (303) 893-1862

MEMBERSHIP DECLINE....

(Continued from Page 1)

deposits providing money transfer services need not mean a uniform percentage requirement on all deposits.

"There may be a reasonable basis for lower reserve requirements on savings accounts with third-party transfer privileges than for deposits that carry full checking account powers. There may also be a reasonable basis for retaining the principle of reserve requirements graduated by size of the depository institution. Lack of uniformity of reserve requirements on similar deposits does, however, pose potential problems for monetary control," Mr. Burns reminded his audience.

WANT ADS

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

FOR SALE

NCR Postronic Posting Machine.
 Ideal for first or Back-up Machine.

WANT TO BUY

Used Night Depository.
 Elgin State Bank, Elgin, Iowa 52141.



Call
Jay Bordewick
 for

**Personal Attention
 to All Your
 Correspondent Needs**

CALL
 402
 AREA CODE

536-2000



Member Federal Deposit
 Insurance Corporation

LA SALLE VICE PRESIDENTS TO ATTEND IOWA GROUPS

Max Roy and Cy Kirk, vice presidents of LaSalle National Bank, Chicago, will be on hand for the Iowa Group Meetings. Bankers of Group 6 (Des Moines); Group 2 (Fort Dodge); Group 3 (Clear Lake), and Group 4 (Dubuque) will find Max and Cy ready and willing to discuss your banking problems.

LOWER YOUR FARM LOAN RISK

By sending him DOANE'S Farming For Profit, the hard-hitting, fact-filled monthly newsletter that provides help in management, production and marketing. Free sample subscription for 6 months. Write D. R. Gorr, DOANE Agricultural Service, Inc., Dept. 701, 8900 Manchester Road, St. Louis, Missouri 63144.

POSITION WANTED

Young man, age 25, desires banking position in agriculture credit or ag management. B.S. degree in agricultural business and farm management and M.S. degree in agriculture economics from Iowa State University. Prefers Iowa location. Available in July, 1973. Write Box OWS, NORTHWESTERN BANKER, 306 - 15th Street, Des Moines, Iowa 50309.

SERVING PROFESSIONALLY

Banking, Financial & Business Personnel
 Iowa and Nationwide

CAPITAL PERSONNEL SERVICE

204 Securities Bldg. 515-283-2545
 Des Moines, Iowa 50309

GIANT AD FIGURES, FEW FEET TALL

or several stories high, made to order on fiberglass by our North Carolina factory. America's best! Advise us your needs, let us quote. Another unique quality service from BOB TUCKER ASSOCIATES, Box 1222, Port Arthur, Texas 77640.
 "Since 1958"

50% AD WASTE is average when you try to "do-it-yourself." "The 'Thank You' Bank" is a professionally prepared low-cost advertising program priced well within reach of even the smallest bank. Best Seller—but every bank can't get it. (Only one to an area.) To find out if you can, write today to Advertising Associates, Inc., Box 934, Maquoketa, Iowa.

POSITION AVAILABLE

Experienced insurance agent to manage bank agency in \$10 million bank. The National Citizens Bank, Canby, Minnesota 56220.

BANK WOMEN

Do you know a qualified teller, secretary, credit clerk or other experienced woman planning a move to Kansas City? We have fee paid positions with the best banks for these girls. Have them write or call for information *before* they move.

TOM HAGAN & ASSOC.

(816) 474-6874

P.O. Box 12346 N.K.C., Mo. 64116

"It takes a banker to know one"



**You don't need us.
 We need
 you!**

"C" Central National Bank & Trust Company
 LOCUST AT SIXTH AVENUE, DOWNTOWN DES MOINES. PHONE 243-8181. MEMBER FDIC

Vol. 3, No. 2 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 25¢ 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.