

# NORTHWESTERN Banker Newsletter

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June 4, 1973

## “Competition—Customer Demands To Force Changes In Financial Structure”

“Customer demands and pressures from aggressive competition will bring about significant changes in the structure of financial institutions during the years ahead.”

This was the prediction made by David Rockefeller, chairman, The Chase Manhattan Bank, N.A., New York, in address before the 82nd annual convention of the Illinois Bankers Association, held in Chicago recently.

Describing the many new innovations made by banks and savings and loan associations, Mr. Rockefeller said, “The proven ability of U.S. financial institutions to adapt to changing economic conditions and regulations has been compared to a resourceful mouse that manages to find two new holes for each one that is plugged up.”

Mr. Rockefeller was especially critical of the present “crazy quilt” pattern of our present regulatory system. He said that in an attempt to bring all banks and bank-type financial institutions under one blanket, a number of overlapping jurisdictions and inequities are being exposed. He specifically mentioned the negotiable orders of withdrawal or NOW accounts initiated by state-chartered savings banks in New Hampshire and Massachusetts. He termed the NOW account problem as the most visible example of regulatory time-lag, insisting that the unique advantage bestowed on one class of banks by regulatory authorities on a state level cannot be left unconsidered. He elaborated by saying:

“I do not believe that the most productive way to reach specific goals is to move

forward on an ad hoc basis, creating inequities, inviting abrasive conflicts of jurisdiction and fighting out each individual innovation before regulatory bodies and in the courts and legislatures around the nation. It does not seem desirable to me, in principle, that individual states should play so decisive a role in reshaping the structure of the nation’s overall financial system.

“As it stands now, there is simply too much fragmentation. Federal Reserve officials are seeking to extend reserve requirements to savings banks and other non-members. The Justice Department is proposing anti-trust action to block certain cooperative uses of terminal equipment or electronic tellers. The Federal Trade Commission is asking for various controls over retail banking. The Security and Exchange Commission seeks authority to oversee a broad range of trust services. And so on and so forth.”

Mr. Rockefeller reminded his audience that no bank can afford to sit tight while awaiting a comprehensive restructuring of the financial system — and therefore, each bank must be alert to new ways of “despecializing” productively within the present structure. Looking down the road, he expressed the hope that members of the banking fraternity will press for an early and appropriate response that deals with the entire problem rather than isolated fragments. This response could be included in the Hunt Commission report, which is expected to be brought up in the Congress this summer.



**PICTURE OF THE WEEK**—CBS News Diplomatic Correspondent Marvin Kalb will be a keynote speaker at the 83rd annual Minnesota Bankers Association Convention on Wednesday, June 13, at the Radisson Hotel in downtown Minneapolis.

A specialist in East-West relations, Mr. Kalb’s analysis of significant developments in international affairs are featured on both the CBS television and radio networks. His recent focus of attention has been Communist China where he presented first-hand coverage of President Nixon’s trip to Mainland China. Mr. Kalb recently interviewed Dr. Henry Kissinger on the Vietnam peace.

### Prime Moves To 7¼ %

Major banks throughout the nation boosted their prime rates from 7% to 7.25% on Thursday, May 24. Chase Manhattan Bank, N.A., New York, made the first move, stating that the change was justified because of other money market rate hikes, including those that banks pay for funds.

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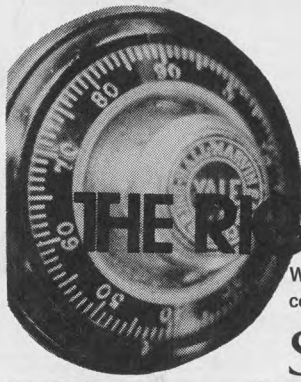
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### Change Site For 1974 Independent Convention

The annual convention of the Independent Bankers of America will be held at the Fairmont Hotel in Dallas, Texas, March 21-23. The group had planned to hold its 1974 convention in New Orleans, but a change was made due to limited hotel accommodations in New Orleans.

### Name New Comptroller

James E. Smith, who has been serving as Deputy Treasury Under Secretary, has been nominated by President Nixon to be Comptroller of the Currency, succeeding William B. Camp, who retired March 23. Mr. Smith, 42, formerly the Treasury's top lobbyist and now chief official working on restructuring of the banking industry, would serve for a term expiring March 23, 1977.

### IOWA NEWS

The 28th annual Agricultural Credit School will be held June 4-15 at Iowa State University in Ames. The school is sponsored by Iowa State and the Iowa Bankers Association.

**CHARLES CITY:** Controlling interest in the Citizen's National Bank has been acquired by O. Jay Tomson, executive vice president, Marquette National Bank, Minneapolis. The interest was acquired from H. J. Olds, who will remain as an ac-

## Northeast Iowa Banks

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tive participant with the bank. The main office will be consolidated with the drive-in office later this summer and moved to a new location in Cedar Mall.

**KEOKUK:** Final arrangements are being made for the Group 11, Iowa Bankers Association, Sports Day on Thursday, June 21. The event will be held at the Keokuk Country Club, northeast edge of Keokuk on Middle Road.

**SIOUX CENTER:** Dale Den Herder, 31, a vice president and board member of the First National Bank, has resigned to become executive vice president and manager of the new American State Bank. The new bank is operating under a charter being transferred by the Hospers Savings Bank, and the Hospers bank will operate as an office of the local bank. The new bank's temporary quarters are on First Avenue N.W.

**SPENCER:** John Rahn, senior vice president and board member of the Clay County National Bank, has resigned to take a position with Cooke Sales and Service Company, Chillicothe, Mo.

**TOLEDO:** Harlan W. Huyck, cashier, State Bank of Toledo for the past ten years, has retired.

**WINFIELD:** G. R. Arthaud, president and member of the board of the Peoples State Bank, has resigned. Mr. Arthaud had been active in banking for about 55 years, spending most of that time as cashier of Peoples State and the last nine years as president. Maynard Peterson was elected to fill the vacancy. Charles Van Dyke was elected president of the board and Clone Swarts vice president. Mr. Van Dyke will continue as cashier.



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### NEBRASKA NEWS

The following Nebraska banks have filed applications requesting permission to establish bank offices:

The First National Bank & Trust Company of Beatrice, to establish an office at 1902 East Court Street.

The Cornhusker Bank, Lincoln, to establish an office at 1300 North 27th Street, Lincoln. A hearing will be held on July 19 at 9:30 a.m. at the Department of Banking, Lincoln.

Union Bank and Trust Company, Lincoln, to establish an office at approximately Southwood and Highway 2. A hearing is to be held on July 24 at 9:30 a.m., Department of Banking.

The Bank of Norfolk to establish an office at the entrance to the Sunset Plaza Shopping Center.

The Douglas County Bank of Omaha to establish an office at the northeast corner of the intersection of 108th Street and Mockingbird Drive. A hearing has been set for July 5.

The Omaha National Bank to establish an office in the vicinity of the southeast corner of 108th and L Streets.

The Century State Bank, Sarpy County, Nebr., has applied for a charter to conduct banking business at 4111 Harrison Street, Omaha. A public hearing on the application has been set for July 17, room 2414, State Capitol Building, Lincoln.

### MINNESOTA NEWS

**ANOKA:** Julian J. Schmidt, 52, president of the State Bank of Anoka, died May 17. Funeral services were held in Anoka May 21.

**ANOKA:** Officers of the newly opened Shelard National Bank have been named after being approved by the Administrator of National Banks: Elected president and director is Jerry Green, former president of the First State Bank of Coon Rapids. Other officers are Jerry Wright, vice president, and Dave Jones, cashier. Mr. Wright and Mr. Jones served as vice president and assistant cashier, respectively, at the First State Bank of Coon Rapids.

**CLOQUET:** Judy Hoppe has been promoted to installment loan officer at the First National Bank.

**GRANITE FALLS:** The board of directors of the Granite Falls Bank has an-

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nounced the following staff changes: Marshall Diebold elected chairman of the board; Richard Deason elected executive vice president, and James Diebold senior vice president.

**OWATONNA:** William Draeger has accepted a position as vice president of the First National Bank. He previously was assistant vice president of First State Bank in Waseca.

**PELICAN RAPIDS:** At a special board meeting, C. L. Thorstenson was elected president of the Pelican Valley State Bank to succeed the late Jessie W. Sherin. Bob Bergquist was named executive vice president and cashier. A. C. Meland was named honorary chairman in recognition of his many years of past service to the bank.

**SAINT PAUL:** David A. Heider has been elected president of Gambles Continental State Bank, according to Walter H. Davies, Jr., chairman.

**SAUK CENTRE:** Anthony Schneiderhan has been elected president and chief executive officer of the First National Bank, affiliate of First Bank System. He previously was vice president of The First National Bank of Virginia.

**WINDOM:** Marwin Brown has been elected president and chief executive officer, and Vernal L. Thompson has been elected chairman of the board, effective July 1, of The First National Bank. Mr. Brown currently serves as president and

managing officer at the First National Bank of Sauk Centre. Mr. Thompson was president and managing officer of the Windom bank. He will continue as chairman until his retirement on January 1, 1974.

**WORTHINGTON:** Larry Loeschen has joined the First National Bank as administrative assistant with primary responsibility as comptroller.

**MINNEAPOLIS:** First Hennepin Natl. Bk., 258 Hennepin Ave., has received permission from the Comptroller to move to the Northtown Shopping Center in Blaine.

#### ILLINOIS NEWS

**CHICAGO:** James P. Ghiglieri, president, Citizens National Bank of Toluca, was elected recently as president of the 1,152-member Illinois Bankers Association at the group's 82nd annual convention at the Palmer House, Chicago. Mr. Ghiglieri, who is currently serving as IBA vice president, will assume the president's post on July 1 of this year, succeeding John F. McKnight, president, First Bank of Oak Park.

Elected with Mr. Ghiglieri to the top

IBA positions were: William O. Kurtz, president, Metropolitan Bank and Trust Company, Chicago, to vice president; Arthur F. Busboom, president, The Gifford State Bank, to second vice president; and George Schanzle, president, White County Bank, Carmi, to treasurer.

#### COLORADO NEWS

**DENVER:** Terrence J. Ryan, who has been heading the communications and community involvement programs of the United Bank of Denver, has been named new president of the United Bank of Skyline. He was appointed by Roger D. Knight, Jr., chairman, United Banks of Colorado, Inc., to succeed J. K. Hazlett, temporary president, who will return to his fulltime position as president of the United Bank of Aurora.

#### NORTH DAKOTA NEWS

**GRAND FORKS:** Neil Jacobson has been promoted to assistant cashier in the installment loan department and David Gaddie has been promoted to installment loan officer at the Red River National Bank and Trust Company.

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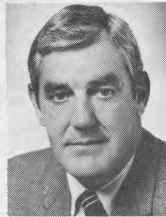
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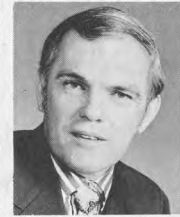
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Fred Coulson



Tom Cannon



Dick Muir

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## SOUTH DAKOTA NEWS

**MILLER:** Roger Mallberg has joined the First National Bank as a trainee and assistant agricultural representative.

**PLATTE:** John Lillibridge, president, Burke State Bank, has announced that the Federal Deposit Insurance Corporation has given formal approval for the application for an office in Platte. Construction is expected to begin soon.

**SALEM:** An item in the May 21 Newsletter regarding the Commercial Bank was picked up inadvertently from a 50-Years Ago column.

**SIOUX FALLS:** Funeral services were held recently for William W. Baker, chairman of The First National Bank. He began his career at the bank in 1924.

**SIOUX FALLS:** The following changes have been made at Northwestern National Bank: Gerald S. Acheson elected assistant vice president and assistant manager, Madison office to replace Michael Nelson who has accepted a position with a Nebraska bank; Donald L. Hirtzel elected assistant manager and loan officer, Colonial office, replacing Orrin Anderson who resigned; Leelan K. Larsen elected assistant manager and loan officer, Westwood office, replacing Mr. Hirtzel; Gary G. Johnson promoted to loan officer, Madison office, and Keith C. Goodhope named insurance manager, Lake Preston office, replacing Leslie Hertz, who is now insurance manager, Parker office.

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