

NORTHWESTERN Banker Newsletter

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Asks New Powers for Mutual Savings Banks

VARIOUS organizations and individuals are beginning to give testimony in Washington, D.C., on their likes and dislikes for various parts of the Hunt Commission Report following the recent narrative proposals sent to Congress on the Report by President Nixon's staff. Because of the widely divergent views, bankers are finding it most important to be well-informed on views of other organizations, especially those competitors of commercial banks from thrift institutions.

One of these groups, the National Association of Mutual Savings Banks, which is especially strong on the east coast, was heard from on September 10 before the House Banking and Currency Committee. NAMSMB spokesman Morris D. Crawford, Jr., chairman of The Bowery Savings Bank, New York City, testified that "the unprecedented deposit outflows suffered by thrift institutions since Regulation Q changes on July 5 provide dramatic new evidence of the need for permanent authority for federal regulatory agencies to establish deposit interest rate ceilings and differentials.

Mr. Crawford also called upon regulatory authorities to restore interest rate ceilings on four-year certificates of deposit "with a realistic differential for thrift institutions consistent with differentials on other savings and time deposits."

The NAMSMB spokesman emphasized that the elimination of ceilings on these "wild card" accounts has seriously aggravated disintermediation at thrift institutions and has sharply reduced the

availability of residential mortgage credit.

NAMSMB's testimony also included broad recommendations for structural change in the mortgage-oriented thrift industry to make it capable of competing more effectively with commercial banks over the long run, and thus assure an adequate flow of private housing credit.

The savings bank industry spokesman also recommended that:

"—Concurrence by two of the three federal supervisory authorities (Federal Reserve, FDIC, FHLBB) should be required by statute before any change is made in deposit interest rate regulations;

"—Regulations should prescribe that all time certificates shall be non-redeemable, but with reasonable deposit-loan provisions in the event of emergencies;

"—Prior to changes in rate ceiling regulations, advance notice and opportunity to comment should be provided to the affected industries;

"—More complete and timely data are needed on inter-institutional savings flows resulting from rate ceiling actions; and,

"—The Treasury and other federal agencies should consider the advisability of holding some of their cash balances at thrift institutions."

Mr. Crawford also testified that more flexible federal debt management policies should be followed with respect to denominations of Treasury issues. In addition, he recommended that the FDIC insurance ceiling be raised to \$50,000, and that Federal Reserve standby credit facilities should be made available to



PICTURE OF THE WEEK — Tom Osborne (left), new head football coach at the University of Nebraska, was guest speaker at the opening luncheon recently of the First National Bank of Lincoln Correspondent Bank Conference. The advice he received from Charles R. Leffler (center), v.p. in charge of the bank's correspondent department, and Bill Smith, pres. of the bank, must have been good for the Cornhuskers clobbered UCLA the following afternoon in a nationally televised game, 40-13.

mortgage-oriented thrift institutions.

"Even if all these recommendations were adopted," the NAMSMB spokesman continued, "there would still be need for structural change in the thrift industry to assure its long-run viability and its ability to generate needed housing credit over the cycle."

The savings bank industry testimony made three recommendations concerning a modernized system of thrift institutions:

"1. A federal charter alternative should be available to savings banks so that the progressive influence of the dual state-

(Turn to back page, please)

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IOWA NEWS

The annual Cattle Outlook Survey, initiated by the *Northwestern Banker* many years ago, is featured in the magazine's September issue now on bankers' desks throughout the area. Other articles of interest include: Add Loanable Funds with Bankers Acceptances on Feeder Cattle, Waxy Corn Gives Cattle 10% Feed Gain, A New Source of Funds to Finance Agriculture, How Nebraska is Beating the Grain Export Problem, and the program for the American Bankers Association Convention to be held in Chicago in October.

BUFFALO CENTER: William D. Ley, president of Farmers Trust & Savings Bank, has announced that Jerald D. Schutjer has joined the bank's staff. Mr. Schutjer, who is originally from Titonka, previously was employed by the Federal Deposit Insurance Corporation in the Sioux City field office.

CORALVILLE: Roger Formanek has joined the Uni Bank and Trust as assistant vice president and loan officer. He had been assistant cashier and installment loan officer at the Union State Bank in Winterset since February of 1971.

DES MOINES: The 19th annual Conference on Installment Lending will be held September 18-19 at the Hotel Savery in Des Moines. The conference is sponsored

by the installment loans committee of the Iowa Bankers Association. Registration begins at 8:45 a.m. on Tuesday, Sept. 18. Topics to be discussed include: Simple Interest Payment Plan, Leasing-Farm Equipment, Autos, Debt Counseling, Credit Bureau and Credit Guide, Credit Cards and Bankruptcies.

MASON CITY: Henry F. Dion has been elected assistant vice president of The First National Bank of Mason City, according to R. J. Zimmer, president. Mr. Dion, a native of Glendive, Mont., previously was assistant cashier in the commercial loan department of the Northwestern National Bank of Rochester, Minn.

RICHLAND: The Union Bank and Trust Company, Ottumwa, has announced that Ronald Greeson has been promoted to assistant vice president. Mr. Greeson is manager of the Richland office. Before joining the bank in February of 1970 he was a state bank examiner.

NEBRASKA NEWS

The Nebraska Bankers Association will hold its six annual group meetings the week of September 18-27. Following is a schedule of dates and meeting places:

Group Six — Tuesday, Sept. 18, Elks Club, Scottsbluff.

Group Five — Wednesday, Sept. 19, Ramada Inn, North Platte.

Group Four — Thursday, Sept. 20, Clarke Hotel, Hastings.

Group Three — Tuesday, Sept. 25, Villa Inn, Norfolk.

Group Two — Wednesday, Sept. 26, Elks Country Club, Columbus.

Group One — Thursday, Sept. 27, Radisson Cornhusker Hotel, Lincoln.

LINCOLN: Two officer changes have been announced by the First Greatwest Corp., a



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Lincoln-based holding company. R. A. McDaniel, formerly secretary-treasurer, has been named vice president and secretary. Mr. McDaniel has been an officer with the company since 1965. Paul D. Adams has been elected treasurer.

First Greatwest owns several insurance businesses and combined earlier this year with First Mid America, Inc., a Nebraska-based investment banking firm.

OMAHA: James P. Foley has been elected a vice president of Chiles, Heider & Co., Inc., an Omaha-based investment banking firm.

Mr. Foley will head the company's new federal agencies department, a bond-marketing unit established after Chiles, Heider was admitted to the selling group that handles bonds of the Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives.

ILLINOIS NEWS

GLENDALE HEIGHTS: An application for a permit to organize the Glendale State Bank at Army Trail and Bloomingdale Road in Glendale Heights has been filed. Total capitalization of the new bank would be \$1,500,000, consisting of \$600,000 in capital stock, \$600,000 in surplus and \$300,000 in reserve for operating expense. Applicants include: Kenneth D. Miller and Daniel C. Henning of Bloomingdale, Joseph M. Laraia of Glen Ellyn, Christian



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F. Henning, Jr., of Wheaton and William J. Stoller of Glenview.

PALOS HEIGHTS: An application for a permit to organize the First State Bank of Palos at 127th and Ridgeland Street, Palos Heights, has been filed. Total capitalization of the new bank would be \$1,100,000, consisting of \$500,000 in capital, \$400,000 in surplus and \$200,000 in reserve for operating expense. Applicants include: Gerald G. Goldberg of Niles, Jorge A. Quel and Cornelius A. Vander Laan of Palos Hills and Ju Hyun Kim and Michael V. Fox of Palos Heights.

SCHAUMBURG: A permit to organize has been issued for the Heritage Bank of Schaumburg at Springingsuth and Schaumburg Roads. Total capitalization will be \$1,350,000, consisting of \$540,000 in capital stock, \$540,000 in surplus and \$270,000 in reserve for operating expense. The 54,000 shares have a par value of \$10 per share. Organizers of the bank include: Alfred J. O'Malley and Donald S. Forst of Chicago, Walter H. Ehrmann of Olympia Fields, Robert L. Maes of Dolton and Donald O'Toole of Flossmoor.

MINNESOTA NEWS

The Minnesota Bankers Association will hold its District Meetings September 17-26. Dates and meeting places follow:

District 1 — Monday, Sept. 17, Kahler Hotel, Rochester.

District 2 — Tuesday, Sept. 18, Orchid Inn, Sleepy Eye.

District 7 — Wednesday, Sept. 19, Ramada Inn, Marshall.

Districts 3, 4 and 5 — Thursday, Sept. 20, McGuires Ramada Inn, Arden Hills.

District 8 — Monday, Sept. 24, Kahler Motel, Hibbing.

District 9 — Tuesday, Sept. 25, Erie Jr. Club, Detroit Lakes.

District 6 — Wednesday, Sept. 26, Germain Hotel, St. Cloud.

MINNEAPOLIS: Iowa Securities Company, a subsidiary of Northwest Bancorporation, Minneapolis, has announced plans to disburse \$5 million in home mortgage financing among Banco affiliates located in Minnesota. Iowa Securities was recently successful with a bid to the Minnesota Housing Finance Agency to provide \$5 million of the first \$30 million in mortgage financing for state families in the moderate income bracket.

Banco banks will make mortgage loans at an interest rate of 6¾% with a maximum term of 30 years and a maximum mortgage of \$28,500 in the Twin City metropolitan area and \$26,000 in the remainder of the state. Borrowers can have adjusted gross incomes of up to \$12,000 in the metro area and \$11,000 elsewhere.

MINNEAPOLIS: First National Bank of Minneapolis has announced that it will now offer a four-year, \$1,000-minimum deposit certificate that will pay 9.3% annual interest for the rest of the year, with the rate varying with the supply and demand of money market funds thereafter.

The bank said the interest to be paid after December 31 will be based on the weighted average of interest rates for 90-day certificates of deposit of \$100,000 or more.

The new instruments, called money market savings certificates, will be available in amounts up to \$25,000, with the rate of interest to be recalculated quarterly.

MINNEAPOLIS: Paul G. Miller, president of Control Data Marketing Co., has been elected to the board of directors of First National Bank.

WACONIA: Lowell G. Wakefield, executive vice president of the First National Bank, has announced that Dirk Miller, Eden Prairie, has joined the bank staff as an assistant cashier. Mr. Miller is a recent graduate of St. Olaf's College.

SOUTH DAKOTA NEWS

MOBRIDGE: Al Kangas has been promoted to assistant vice president and manager of the installment loan department at the Citizens Bank. Rollie Rosedahl has been advanced to commercial loan officer. Gordon Hoffner and Glenn Lamont, both former bank employees, have returned to the bank staff.

RAPID CITY: The South Dakota group of the National Association of Bank Women will hold a workshop from 9:30 a.m. to 3 p.m. on September 27 at Kings Inn. Milton Schwartz, executive manager of the South Dakota Bankers Association, will speak on regulations security. "What Women Can Do for Women" is the title of a trust panel to be moderated by Jeanne Grover, assistant trust officers, First National Bank, Aberdeen.

COLORADO NEWS

COLORADO SPRINGS: John F. Chandler has been named vice president, marketing, for the United Bank of Colorado Springs.

DENVER: The First National Bank of Denver will sponsor a forum, Economics — and the Other Woman, at the Brown Palace on Wednesday, September 26, at 11:45 a.m. to 1:45 p.m. Lynn Noel of KMGH-TV, Denver, will be the panel moderator and Audrey Six (Audrey Meadows), movie and tv star and bank director, will be the Mistress of Ceremonies.

DENVER: James Cuckler has been advanced to assistant vice president of University National Bank. He was formerly with American National Bank of Denver for two years.

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NORTH DAKOTA NEWS

The Red River chapter of Bank Administration Institute will hold a meeting Wednesday, Sept. 19, in the Charleston Room, Westward Ho Motel, Grand Forks. Barbara Pogue, assistant vice president, First James River National Bank, Jamestown, will speak on "Recruiting, Training, Retraining and Motivating Personnel."

NEW POWERS.....

(Continued from Page 1)

federal system of chartering and regulation, long available to all other deposit-type institutions, will be extended to our industry;

"2. Thrift institutions should be authorized to offer a full range of financial services to consumers, including consumer loans, checking accounts and other modern third party payment services; and,

"3. Thrift institutions should have flexible investment powers, including authority to invest in a wide range of federal, state and local government and corporate securities."

Emphasizing that "much of this tripartite foundation for a modern thrift system is already in place," the NAMSBS spokesman noted that mutual savings banks have historically had relatively broad investment powers, and that in one or more of the 17 states where they operate, savings banks

are authorized all of the consumer financial services needed by modern thrift institutions.

"The need here is to extend these powers uniformly," the NAMSBS spokesman testified, "in order to build a strong system of thrift institutions for the future.

"We seek the structural changes which will permit thrift institutions to compete more effectively," the NAMSBS testimony concluded. "We seek, in short, the broadened powers need for long-run viability in an environment subject to rapid economic, financial and technological change. We believe this to be in the best interest of the savers and home-buyers of the nation."

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