

# NORTHWESTERN Banker Newsletter

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November 12, 1973

## Urges Building New Revenue Potentials

**B**ANKERS should "establish liaisons, extend services, share facilities and know-how, and thereby build new revenue potentials."

This was a statement made by K. A. Randall, president, United Virginia Bankshares, at the national conference of the American Bankers Association correspondent banking division. He suggested that bankers end their long-held resentment toward thrift institutions.

Mr. Randall, who has served as chairman of the Federal Deposit Insurance Corporation and was recently chairman of the Foundation for Full Service Banks, told the bankers that the Hunt Commission, of which Mr. Randall was also a member, foresaw a "merging to the center of our financial institutions, with the center being a new broadened scope of operations shared by all."

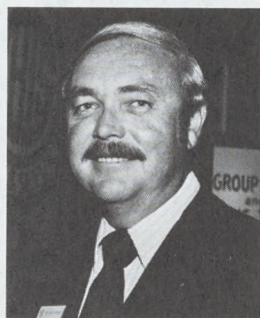
He emphasized that bankers should "size up the so-called opposition and determine whether there really is something to be afraid of."

In the past 12 years thrift institutions' growth rate was only slightly faster than commercial banks in terms of total assets and actually slower in terms of savings deposits, according to Mr. Randall. He said this was even more significant when one considers the fact that thrift institutions were not subject to mandatory rate ceilings on savings deposits until 1966, and so enjoyed a rate advantage over commercial banks.

"Clearly, banks . . . do have some com-

petitive clout in attracting consumer savings."

Thrift institutions' "overall capabilities



K. A. Randall

are not as refined or in-depth as those of commercial banks and even these capabilities will be further strained once they assume broadened powers that are bound to come."

In stressing the importance for commercial bankers to look upon thrift institutions as a source of new revenue potentials, Mr. Randall pointed out that there were 4,950 savings associations with total assets under \$100 million at the end of 1972. This, he said, represents a 37 per cent increase in the overall market for banking services.

He suggested the following ways in which bankers can develop this new market:

check clearing; credit assistance, overline assistance and credit review training; electronic data processing; investment services; managerial counseling and personnel assistance; capital planning; branch site location studies; advice on affiliation and

mergers; credit card plans.

"Thrift institutions are not to be ignored via wishful thinking that they and their new powers will just wither away."

## Forecasts Increase in Farm Real Estate

Another 10 to 15 per cent increase in already rapidly rising farm land prices will not deter farm operators from continuing to purchase land, the chairman of the American Bankers Association's (ABA) agricultural bankers division recently predicted.

Robert L. Walton, speaking before the agricultural credit conference of the Canadian Bankers Association (CBA), based his prediction on the results of a questionnaire which he sent to members of the ABA's 22-member agricultural committee representing all regions of the U.S.

"Most farmers expect to receive a much higher price for their '73 crops than they received last year; and because of this, they will have more money in their pockets than they have seen in years."

Mr. Walton said that with this excess income, he expects the farmer to take four financial actions:

- Liquidate existing short-term and long-term debt, meaning many capital lines of credit will be reduced.
- Increase capital purchases.
- Make a down payment on the purchase of additional land.
- Increase consumer spending.

The excess income, then, will continue to effect land prices, driving them upward, he commented.

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### ABA Correspondent Conference Draws 450

Over 450 correspondent bankers attended the 2nd annual ABA Correspondent Conference in San Francisco last week. A complete report by Ben Haller, Jr., editor, will be featured in the December magazine issue of *Northwestern Banker*.

The Conference will be held at the Regency Hyatt House, Atlanta, September 8-10 in 1974.

### IOWA NEWS

**ANKENY:** Ribbon cutting ceremonies will be held by Ankeny State Bank at its new banking office at 1701 First St. at 10:30 A.M., Nov. 13.

**CEDAR RAPIDS:** The November Bank Administration Institute meeting will be held Wednesday, Nov. 14, at the Long Branch. Don Leopold, vice president of the American Trust & Savings Bank, will present a program on public relations specifically for staff people. Social hour begins at 5:30, followed by dinner at 6:30 P.M.

**DES MOINES:** The 88th annual Iowa Bankers Convention will be held here October 6-9, 1974.



GARY STEVENSON



First National Bank  
in Sioux City

# Get things done.



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**DES MOINES:** John R. Fitzgibbon, pres., Iowa-Des Moines Natl. Bk., has announced that the bank has filed an action for declaratory judgement in the area of interest rates on Master Charge accounts.

According to the complaint, federal law permits a national bank to charge the same rates of interest which state law allows other lending institutions to charge. The Comptroller has issued opinions affirming this position. Iowa law allows industrial loan companies and small loan companies to charge interest rates exceeding 12%. State banks are allowed to charge 12% on installment loans. The action was filed in Federal District Court in Des Moines in an effort to resolve any controversy over present rates on loans made by the bank through its Master Charge service.

Named as defendants in the suit are Richard C. Turner, the Iowa Attorney General, Lloyd R. Smith, Auditor of Iowa, who licenses industrial loan companies, Cecil W. Dunn, Iowa Superintendent of Banking, who regulates state banks and licenses small loan companies, and Thomas R. Mayer, an attorney who holds a Master Charge card.

Atty. Gen. Richard Turner said that Iowans should not pay any interest on existing BankAmericard and Master Charge accounts with interest rates in excess of 9 per cent — if the accounts cover purchases made in Iowa.

**DES MOINES:** The annual Iowa Bankers Association tax school will be held at the Hotel Fort Des Moines on November 26 and 27.

**GREENFIELD:** Approval by the Fed for the affiliation of the Adair County St. Bk. with Central National Bk. & Tr. Co., Des Moines, has been announced.

Approval of affiliations with United Home Bk. & Tr., Mason City, and Security St. Bk., Algona, was announced last month. Total deposits for Central National Bankshares, Inc. are now about \$300 million.


### NEBRASKA NEWS

**GRAND ISLAND:** The United Bank Services Co., which will provide highly specialized banking forms and supplies, personnel and management consultation and modernization and automation services, has opened. Officers are Richard E. Spelts, Jr., president; Dale Stine, vice president; and James Chitwood, secretary-treasurer. Robert Bagley, a former Omahan, is sales manager.

**HASTINGS:** E. B. Cosgriff has sold his controlling interest in City National Bank to Glenn Yaussi and his group, who are affiliated with NBC Co of Lincoln and the National Bank of Commerce. Mr. Yaussi is chairman of NBC Co and vice chairman of the bank. Mr. Cosgriff has resigned as chairman and president of City National but will remain on the board. He is succeeded in those offices by C. E. Blair, a City National director who is president of J. M. McDonald Co., a department store chain. O. J. McDougal, Jr., has been advanced from senior vice president to executive vice president and chief executive officer.

**LEXINGTON:** A trust charter has been issued to The Farmers State Bank & Trust Company.

**HILDRETH:** The State Bank of Hildreth is holding an informal anniversary party Friday evening, Nov. 16, at Grandpa's Steak House in Kearney. Social hour begins at 6 with dinner at 7 P.M. The party is to honor several officers who have been with the bank for over 25 years.




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### ILLINOIS NEWS

Charles B. Hall has been appointed regional administrator of national banks in Chicago, replacing Joseph G. Lutz who has retired. Comptroller of the Currency James E. Smith made the announcement.

Mr. Hall, who has been regional administrator of national banks in Cleveland for the past 18 months, will be succeeded by Larry T. Gerzema, currently an assistant chief national bank examiner in Washington.

CHICAGO: Beverly Bank has received approval to establish a motor facility at the 1100 block of West 103rd Street.

CHICAGO: The First National Bank has announced an agreement in principle for the bank to form a new Singapore-based merchant bank with Ong & Co., a Singapore stock brokerage firm. The bank would be 70% owned by First National.

### MINNESOTA NEWS

Paul W. Bergien, president, First State Bank of Carlos, has been elected president of the Independent Bankers of Minnesota. Bruce W. Lloyd, chairman and president, Heron Lake State Bank, and E. Milton Klohn, president, Farmers Terminal State Bank of Newport, were named vice presidents.

AUSTIN: R. F. Lichty, president of First National Bank, has announced the following staff changes: John L. Franklin promoted to assistant vice president; George (Shen) Adams II named personal banker in charge of the new drive-in, walk-up facility, and Jane Attlesley elected auditor.

CLOQUET: Richard J. Schirber has been elected cashier of the First National Bank. Mr. Schirber joins the bank from the First State Bank of Babbitt where he held the



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## IOWA-DES MOINES NATIONAL BANK

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MAPLEWOOD: Mid American Bancorporation has bought, for an undisclosed price, 5.4 acres in Maplewood for a site for the Hillcrest State Bank. The bank will be named Hillcrest Mid America State Bank of Maplewood when it opens in 1974. Mid America Bancorporation is a publicly held bank holding company.

MINNEAPOLIS: The Northwestern National Bank will hold its 9th annual management conference and stag dinner on Thursday, Nov. 29, beginning at 2 P.M. The conference is entitled "Managing '74."

### NORTH DAKOTA NEWS

BISMARCK: Gene R. Hetler of Fargo has joined the Bank of North Dakota as a trainee loan officer.

CROSBY: The application of the Farmers State Bank to increase its capital stock

from \$200,000 to \$300,000 by stock dividend has been approved.

EAST GRAND FORKS: Lynn Johnson has been promoted to assistant cashier and manager of the time pay department at the First National Bank.

JAMESTOWN: The second meeting of the James River chapter of Bank Administration Institute will be held at the American Legion on Wednesday, Nov. 14. Jean Bennett, BAI's state director, will be the featured speaker. His talk is entitled "Why Bank at a Bank instead of a Savings & Loan."

### SOUTH DAKOTA NEWS

The South Dakota Bankers Association will hold its 1974 Mid-Winter Management Conference at Las Palmas on the Grand Canary Island February 28-March 7.

COLOME: John Lillibridge, Burke, has been elected president of the Citizens Bank of Colome. Robert Scheinost has been named executive vice president and cashier.

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**MONTANA NEWS**

**GREAT FALLS:** The Glacier chapter of the Bank Administration Institute will hold its winter meeting on December 1 at the Ponderosa Inn. Topics of discussion will include: bank insurance for the smaller bank, Regulation Q, maximizing earnings along with safety in today's bond portfolio and recent trends in employee relations.

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