

# NORTHWESTERN Banker Newsletter

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March 4, 1974

## Question Expanding Fed's Authority

The Conference of State Bank Supervisors is releasing a comprehensive analysis of the relationships between optional affiliation of some banks with the Federal Reserve System for reserve purposes and the effectiveness of monetary policy, according to CSBS President Donald E. Pearson.

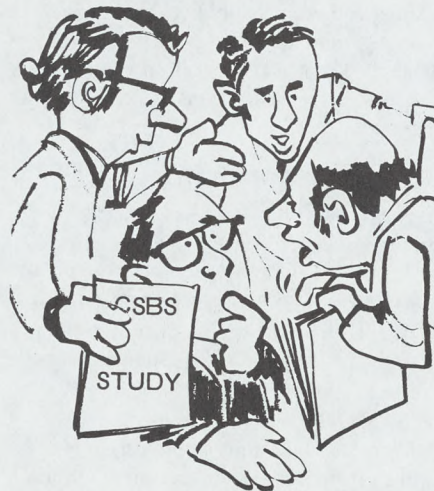
The study is particularly significant and timely in the light of the Federal Reserve's recent submission to Congress of draft legislation which would extend its reserve-setting authority to a vast majority of non-member financial institutions.

The study was prepared by Dr. Ross M. Robertson, professor of business economics and public policy, and director of business history studies, School of Business, Indiana University, and Dr. Almarin Phillips, professor of economics and law, University of Pennsylvania.

Based on their analyses of the historical evolution of the role of bank reserves and contemporary evidence on the manner in which Federal Reserve monetary policies affect the economy, Drs. Robertson and Phillips conclude that:

1. A large number of weighted variables affect the level and rate of change of the money supply;
2. The interrelationships among these variables are complex and uncertain, and attempts at monetary policy precision assume a knowledge of the major variables that neither exists now nor can reasonably be expected to exist in the foreseeable future;

3. Major monetary policy weaknesses have been revealed in the recent past and prudent persons should anticipate more in the future, but optional affiliation for reserve purposes cannot



be considered high on the list of factors contributing to these weaknesses, if it is eligible at all for inclusion;

4. Compulsory affiliation for additional banks would further increase the Federal Reserve's power over banks and force the dilution of state and local determination of the banking structure; and
5. Foregoing the known merits of the dual banking system, with its healthy state-federal checks and balances, for

the uncertain benefits, if any, to be derived from compulsory affiliation for reserve purposes would not be in the public interest.

## Prime Rate Cut to 8 3/4%

The prime rate became generally established last week at 8 3/4% nationwide following a downward move from 9% by First National City Bank of New York. It was the fourth prime rate reduction this year and further reductions are anticipated by some banking leaders.

## NORTH DAKOTA

**FESSENDEN:** Larry Eaton recently was promoted from cashier to vice president and cashier at the First National Bank. Lowell Anderson, assistant vice president and ag representative, was named vice president and ag representative.

**WILLISTON:** The North Dakota Group of the National Association of Bank Women will hold its second annual workshop at the Plainsman Hotel in Williston, April 19-20, according to Ruth Davidson, chairman of the North Dakota group and assistant cashier of the American State Bank here.

Advance registrations should be sent to Chairman Davidson on or before April 5. Fee for the workshop is \$25. Delegates desiring to attend the Friday night banquet (only) will be charged \$5.50. Banquet speaker will be John Hazleton, speech and communications department of the Oklahoma College of Liberal Arts, Chicasha. He will also conduct a session on communications on Saturday.

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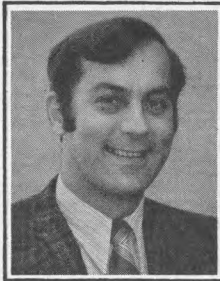
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### State of Nebraska Files Suit To Halt Supermarket Banking

While Nebraska banks were assembling for special meetings to discuss ways and means to compete with the Transmatic Money Service (TMS) offered through Hinky Dinky supermarkets in Lincoln by First Federal Savings & Loan Assn. of that city, the Nebraska Attorney General took steps to halt the new service.

Attorney General Clarence Meyer filed the suit during the week of February 18 in Lancaster County District Court against American Commodity Stores of Texas, owners of Hinky Dinky Stores, which are headquartered in Lincoln. The suit, according to Assistant Attorney General Ralph Gillan, is a "quo warranto" action challenging the exercise of powers by a corporation. The defendants have until Monday, March 25, to file an answer to the suit.

The Attorney General contends that the supermarkets "are performing an illegal banking transaction" through their tie-in with First Federal's on-line computer system. A supermarket employee operates the terminal in the store that activates the money transfer system, allowing a customer to deposit money into or withdraw funds from the savings account in the S&L. This transfer by-passes the checking system and drastically cuts the bad check losses of the supermarkets.

The reportedly completed 2,078 transactions during the first 30 days of operation,

bringing in approximately \$250,000 in gross deposits, with a resulting net of \$210,000 deposits after expenses. This reportedly brought in 500 new TMS accounts.

At their meetings around the state, concluding in Lincoln on February 28, NBA officials outlined a Nebraska Electronic Funds Transfer System (NETS). This would offer retail customers at store locations the capability of making deposit to or withdrawal from their checking, savings or loan accounts at their bank. The system would be tied in with the Federal Reserve. The NETS operation would take a minimum of 18 months to become operational.

### IOWA NEWS

**DES MOINES:** By a vote of 212 to 77 employees of Central National Bank and Trust Company rejected a bid by the Office & Professional Employees International Union to organize in the bank. The vote was taken February 27.

**DES MOINES:** The Iowa Independent Bankers Association is making plans to hold its third annual convention at Okoboji, July 25-27. Headquarters will be the New Inn.

**DES MOINES:** Darlene Smith has joined the Urbandale office of the Iowa-Des Moines National Bank. Most recently she was assistant cashier for the Dallas County Savings Bank in Minburn.

**IOWA CITY:** Donna Dee Ablett has been elected assistant cashier of the First National Bank.

**LA PORTE CITY:** Jill Sheffler has joined the La Porte City State Bank.

**MAQUOKETA:** David M. Keil recently was promoted from assistant cashier to assistant vice president at the Maquoketa State Bank.

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**SIOUX CITY:** Robert J. Steele has been elected to the board of the First National Bank. He is executive vice president of Sioux Honey Association, headquartered in Sioux City. Other promotions and elections announced include: Dwaine Stinger, vice president and cashier; Robert T. Kingsbury, vice president and head of the operations division; Thomas J. Tracy, vice president, lending division; Gary W. Stevenson, vice president, correspondent banking; Loren D. Larsen, vice president, data processing; Robert C. Schmith, assistant vice president, data processing; Nancy Steinmetz, assistant vice president, banking centers and marketing; Donald A. Pinkston, personnel officer, and Roy A. Sitzmann, systems officer, data processing.


**WILTON:** Ronald W. Follmann has been elected cashier of the Wilton Savings Bank. Mary Ford has been elected assistant vice president.

### NEBRASKA NEWS

**BLAIR:** Lynn Wederquist has been named vice president of the Blair Bank replacing Louis Murdoch who retired after 10 years with the bank. Jetry Bruning has been named assistant vice president.

**HILDRETH:** The State Bank of Hildreth has announced the following promotions: Dolores M. Soucie to assistant cashier and Art Fritson to operations officer and auditor.

**OMAHA:** Lee Hightower has been



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FIRST NATIONAL LINCOLN

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appointed an assistant vice president of First West Side Bank. He is in charge of marketing, advertising and public relations. Charles Berry has been named assistant cashier and operations officer.

OMAHA: Chuck Wagon Roundup Time, sponsored by the First National Bank, will be held Thursday, March 14, at Ak-Sar-Ben Field, according to Mervin F. Aegerter, vice president. Attendees will see and hear what's new in livestock and agriculture.

## ILLINOIS NEWS

The first three 1974 group meetings of the Illinois Bankers Association will be held as follows: Group 7—March 5 — Ramada Inn, Champaign; Group 10—March 6 — SIU, Carbondale; Group 9—March 7 — Augustine's Restaurant, Belleville.

BOURBONNAIS: A charter has been issued for the Bank of Bourbonnais, One Heritage Plaza. Total capitalization of the new state bank will be \$900,000, consisting of \$360,000 in both capital and surplus and \$180,000 in reserve. The 36,000 shares have a par value of \$10 each. Officers are: Clarence J. Houde, president; Ogden A. Phipps, acting vice president, and A. Vernon Ruder, acting cashier.

CHERRY VALLEY: A permit to organize has been issued for The Bank of Cherry Valley at the northwest intersection of Bell School Road and Harrison Avenue. Total capitalization of the new bank will be \$800,000, consisting of \$300,000 in both capital and surplus and \$200,000 in reserve. The 10,000 shares have a par value of \$30 each. Organizers include: Malcolm Doig and William N. Fisher, Cherry Valley; Harry F. Espenscheid and R. Robert Funderburg, Rockford, and Robert W. Rice and John T. Wolf, Belvidere.

NAPERVILLE: The Bank of Naperville has announced four promotions: Donald A. Miller, cashier, to vice president and

cashier; Paul Hartmann, Dale Litcher and Orrin Duncan, to assistant vice presidents.

WESTMONT: A permit to organize the Heritage Bank of Westmont at Ogden Avenue at Blackhawk Drive has been issued. Total capitalization will be \$1,200,000, consisting of \$480,000 in both capital and surplus and \$240,000 in reserve. The 48,000 shares have a par value of \$10 each. Organizers are Paul Carson, Jr., and Richard K. Pearson, Hinsdale; Walter H. Ehrmann, Olympia Fields; Alfred J. O'Malley, Chicago, and Donald O'Toole, Jr., Clarendon Hills.

## MINNESOTA NEWS

ARGYLE: Roger B. Ridler has joined the Argyle State Bank.

BLUE EARTH: Luella Nimz has been elected admin. asst. & Barbara Prescher a.c. at the Blue Earth State Bank.

CLEAR LAKE: William A. Sorbo has been elected cash. of The Security State Bank.

COLOGNE: George C. Klein has been elected chairman of the State Bank of Cologne. Herb Dols is the new president. Other promotions include Lester Mellgren, vice president and cashier and George A. MacDonald, investment officer.

EDINA: Two promotions have been announced by the First Southdale Nat'l Bank. They are Janice B. Anderson, mgr. of the

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John Mangold  
Senior Vice President



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customer service department, and John A. DePalma, asst. mgr. of the installment banking department, named a.c.'s

ROSEVILLE: Lyle Christenson has been appointed loan officer of the Roseville State Bank. He joined the bank in March, 1973.

WEST CONCORD: William E. Smock has been elected executive vice president of First National Bank.

## COLORADO NEWS

DENVER: Coleman R. Robinson, David E. Peterson, Gary T. Potter and Donald E. Michael have been promoted to vice presidents and trust officers at the First National Bank. Robert W. Panter has been named a senior trust officer and E. Hale Adams, Jr., Arthur J. Lucey, L. William Marrin and Jerre L. West have been named vice presidents.

DENVER: John F. Mueller, Jr., and Gregory T. Buenzli have been named assistant vice presidents in the commercial loan division of The Central Bank.

GREELEY: Peter J. Merten has been appointed vice president of the commercial loan division at First National Bank of Greeley.

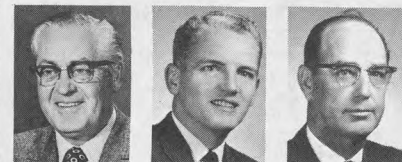


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#### Position Wanted

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- PRESIDENT—Nebr. bank, prefer image, aggressiveness & administration ..... \$20,000 up
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