

NORTHWESTERN Banker Newsletter

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"Small Banks Big Earners"

The nation's small banks may be as good if not better money earners than their big city counterparts, the president of the American Bankers Association (ABA) said in Madison, Wisc.

"Statistics suggest," Rex J. Morthland told the graduating class of the Central States Graduate School of Banking, "that community banks can be at least as profitable and perhaps more profitable than many money-center banks."

A larger per cent of small banks than large banks, he said, show up in the Federal Deposit Insurance Corporation's list of insured institutions that are in the top 10 per cent of profitability defined in terms of rate of return on capital.

Specifically, these high earning banks, Morthland pointed out, "included 7 per cent of the banks with less than \$5 million in deposits; 12 per cent of the \$10-\$25 million banks; and 12 per cent of the \$25-\$50 million banks. But only 5 per cent of the banks with over \$100 million in deposits were represented in this select group."

One of the major factors influencing the profitability of community banks, Mr. Morthland said, is the existence of diseconomies of scale—the ability of smaller

banks to operate at lower unit costs than larger banks.

"For example," he pointed out, "the per item cost of four out of five activities relating to demand deposits is less in banks with deposits under \$50 million than in larger banks."

The activities Mr. Morthland referred to are: deposits, transit checks, monthly costs to maintain an account and check cashing. The fifth activity—home debits—is least expensive for banks in the \$50 million to \$200 million range. Banks with deposits under \$40 million come in second, while those with deposits of more than \$200 million "incur the greatest expense," he noted.

Mr. Morthland said three other factors will also have a major influence on the future earnings of community banks in the emerging financial system. They are:

- The technological and economic abilities of community banks to participate in the electronic data processing/point of sale terminal/electronic funds transfer systems which are developing.

- Their abilities to recruit, train and retain a competent management staff.

- The qualitative aspect of

customer satisfaction with services provided by banks.

Mr. Morthland said a community bank is generally defined as one with deposits of \$50 million or less and without branches or a bank that has branches in single or adjoining counties but not part of a statewide branching system or a multi-bank holding company.

Employment Seminars

Iowa Independent Bankers will hold a series of five Employment Seminars in September as follows:

Sept. 5 - Highlander, Iowa City

Sept. 10 - Glen Haven Country Club, Oelwein

Sept. 12 - Storm Lake Country Club

Sept. 17 - Atlantic Country Club

Sept. 19 - Ramada Inn, Ames

The seminars, covering employment practice laws and regulations, will be conducted by Merle Full, well-known authority in the field. Starting at 9 a.m. and lasting until 3 p.m., the seminars will be followed by golf. There is no registration fee, but registration is necessary through the Iowa Independent Bankers, 400 Central National Building, Des Moines 50309.

Special SBA Conference

Nine federal agencies will co-sponsor a national pilot project, the "Government Assistance to Small

(Turn to page 3, please)

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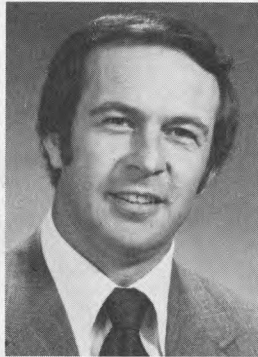
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Iowa News

The Iowa Bankers Association has scheduled four additional workshops this week to inform member banks about details of the Emergency Livestock Credit Act administered by the Farmers Home Administration. IBA and FHA personnel will review details and forms needed by banks and their customers to take advantage of the credit arrangements offered in this Act just signed into law July 26. The workshops start at 1 p.m. and will adjourn around 4 p.m. at the times and locations listed below:

August 26 - Atlantic - Catholic Parish Center.

August 27 - Chariton - Conference Room, National Bank & Trust Co.

August 28 - Iowa City - Carousel Inn.

August 29 - Waterloo - Ramada Inn.

BATTLE CREEK: Officers of First State Bank have filed an application to move the main bank to Ida Grove. If approved, an office will be maintained in Battle Creek.

DES MOINES: The First Regional Bank Investment Workshop sponsored by the bank investment division of the ABA will be held August 20-24 at the Olmsted

Center at Drake University. All bankers are invited to attend.

SIOUX CENTER: Groundbreaking ceremonies were held recently for the new \$300,000 colonial brick American State Bank building. Completion is expected in the summer of 1975.

SIOUX CITY: Directors of Security National Bank have elected Keith A. Roeper as comptroller and Owen A. Riddle, Jr., as agricultural loan officer. Mr. Roeper is a partner in the firm of Peterson, Roeper & King, certified public accountants, and will join the bank September 1. Mr. Riddle, a graduate of Morningside college majoring in livestock marketing, has been with Farmers National Company of Omaha the past four years.

Nebraska News

LINCOLN: First National-Lincoln will host its 14th Annual Correspondent Bank Conference on Friday and Saturday, September 13-14. The meeting is scheduled each year around the opening football game for the University of Nebraska and will conclude this year at noon in time for everyone to watch the Cornhuskers take on the University of Oregon. The Conference opens with luncheon Friday at the Cornhusker Hotel. Tom Osborn, Nebraska's coach, will be the speaker. Addressing the afternoon session will be Duane Acker, new Vice Chancellor of the U. of N., who

is at the Ag College, and Pierre Rinfret of Rinfret Boston Associates. The Saturday morning program will feature a Livestock Panel with Frank Baker, Dean of the University's Animal Science division as moderator. Panelists include Del Dagley of Lincoln Grain Co.; George David, Lincoln manager of American Stores (Hinky Dinky), and Merlin Carlson of Carlson Ranches, Lodgepole. Concluding speaker before the late morning luncheon will be Comptroller James Smith, Washington, D. C.

OMAHA: Funeral services were held recently for Stewart R. Kirkpatrick, retired board chairman of Kirkpatrick, Pettis, Smith and Polian. He died at age 81.

OMAHA: F. Donald Lewis and Donald M. Miller have been elected vice presidents at The Omaha National Bank. Mr. Lewis, formerly vice president of Crocker Mid-American National Bank in Chicago, joined the bank this month as head of its international department. Mr. Miller handles national accounts in the commercial loan department. John C. Furrow and Marcus H. Ford were named second vice presidents.

OMAHA: Henry E. Ley, director of banking for Nebraska, has approved the application of First West Side Bank, to establish a detached auxiliary teller facility at Hwy. 50 & "Q" Street.

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Minnesota News

ALEXANDRIA: The 13th Annual Convention of Independent Bankers of Minnesota will be held here at Arrowhead Lodge August 28-31. Highlights include:

Thursday morning—Minnesota Legislative Issues Panel. Moderator is Richard Plunkett, president, Rochester Bank & Trust. Panelists are: Oliver S. Perry, Minnesota Assn. of Commerce & Industry; David Roe, Minnesota AFL-CIO, and Cy Carpenter, Minnesota Farmers Union.

Friday Men's Luncheon—Emilee K. Easterly, president, Independent Bankers Association of America.

Friday Banquet—Arthur Upgren, economist-lecturer.

Business Sessions—Progress report on Independent State Bank of Minnesota, the correspondent bank organized by IBM. Gordon Donnelly, president, State Bank of Wheaton and president of the proposed Gopher State Bancorporation, a one-bank holding company for the bank, will report results of the capital stock sale. It is expected that minimum capital of \$1.5 million will have been subscribed by more than 200 Minnesota banks. Further reports will be made by several committees.

BEAVER CREEK: Myron Kruse has purchased the Beaver Creek State Bank from Mr. and Mrs. Emer J. Hanson and has moved to Beaver Creek from Sioux Falls, S. D., where he was an accountant. Mr. Hanson has been president of the bank.

LAKEVILLE: M. E. Larkin, president, First National Bank, has announced the purchase of controlling interest in the bank. He continues as president and director. Other directors include Jerry Helgeson, president, Jack Frost,



Greg Schamberg

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Inc.; Don Helgeson, president, Jack Frost Farm Foods, and John M. Morrison, chairman, Eldorado International, Minneapolis.

MINNEAPOLIS: F & M Savings Bank announced that it will offer negotiable orders of withdrawal (NOW) accounts beginning today, August 26.

A "NOW" account is a non-interest bearing savings account which permits customers to pay bills and purchase services directly.

The "NOW" order is similar to a regular check in appearance and is used in the same manner as checks. "NOW" orders are processed through a commercial bank.

Minnesota Bankers Association president G. M. Pieschel stated that the proposed offering of non-interest bearing negotiable orders of withdrawal by Farmers & Mechanics Savings Bank of Minneapolis should be a matter of serious concern to the public and the state's financial institutions.

Illinois News

CALUMET CITY: The FDIC has granted limited trust powers to Bank of River Oaks.

ELK GROVE: The FDIC has granted limited trust powers to the Bank of Elk Grove.

MUNDELEIN: John W. Busey has been elected executive vice president of the Bank of Mundelein, according to Leslie E.

Hinderyckx, president. He had been executive vice president and cashier of the Boone State Bank of Belvidere for the past seven years. Prior to that, he was an FDIC examiner.

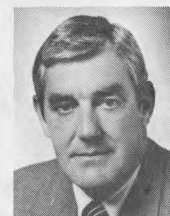
SANDWICH: A permit to organize the First Security Bank at U. S. Highway 34 has been issued. Total capitalization of the new bank will be \$750,000, consisting of \$300,000 in capital, \$300,000 in surplus and \$150,000 in reserve. Organizers include Donald E. Holt, Plano; Olaf E. Gjovik, Richard C. Holland, Jack E. Norling, James Stark, and Richard M. Swisher, all of Sandwich, and Simon C. Larson, Newark.

SBA Conference.
(Continued from page 1)

Business Conference," September 30-October 1, at the Plaza Inn, Kansas City, Mo. The Conference will run daily from 10 a.m. to 6 p.m. and is expected to attract 500 to 1,000 bankers and small business men and women in the Region VII states of Iowa, Nebraska, Missouri and Kansas. Deryl K. Schuster, SBA District VII director, says it is the first such meeting nationwide. Details of the meeting appear in the September NORTHWESTERN BANKER. Registration prior to September 10 is \$12, and after that date \$15. Contact Mr. Schuster at SBA, 911 Walnut Street, Room 2300, Kansas City, Mo.

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North Dakota News

BOTTINEAU: Gerald E. Long has joined the State Bank of Bottineau as a loan officer. He had been with the First and Farmers Bank of Portland.

FARGO: Kenneth J. Norman, recent graduate of the North Dakota School of Law, has joined the Merchants National Bank as a trust officer.

STEELE: William Well has been named assistant vice president and agricultural representative for the Bank of Steele. He will be working for the bank out of the Medina exchange.

Wyoming News

JACKSON: The application of Jackson State Bank for a drive-in facility was denied August 12, by Judge John F. Raper in the district court in Laramie. Judge Raper ruled the facility would be a branch bank, not authorized by Wyoming law.

POWELL: Wayne M. Thaler, 31, has joined the First National Bank as an assistant vice president. He was formerly with the Security Trust and Savings Bank, Billings, Mont., where he worked in the agri-business area for the past five years.

Colorado News

DENVER: Robert M. Shattuck and Fred F. Wangaard have been elected assistant vice president's at Colorado National Bank. Peter J. Wielenga has been named administrative services officer. The bank recently announced its acquisition of the Golden State Bank and the Bank of Evergreen. Transfer of stock has been completed.

DENVER: A. Bruce Johnson has been named assistant vice president in commercial banking, and Kelso D. Lynn, Jr., has been named assistant vice president, personal banking, at United Banks of Denver.

GRAND JUNCTION: Richard C. Meckley, president, National State Bank, Boulder, and Harry Pforzheimer, assistant vice president of Sohio Petroleum, have been elected directors of the U. S. Bank of Grand Junction.

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