

NORTHWESTERN Banker Newsletter

Vol. 3 No. 75

Des Moines, Iowa

October 7, 1974

Growing Profits Bring Growing Risks

The global free market for agriculture has increased the American farmer's potential for failure as well as profits, according to Derl I. Derr, director of the ABA's Agricultural Bankers Division. He was addressing registrants at the Illinois Bankers Association's 28th Agricultural Credit Conference.

"Farmers are faced with high fixed costs and widely fluctuating prices, Mr. Derr stated. This offers profit opportunities, but it also increases the chances for losses, and this increased uncertainty puts a greater premium on management skills and clearly points to the need for better information and supporting services from farm suppliers, banks and credit agencies," he added.

The challenge of meeting the financial needs of farm people will intensify, Mr. Derr told the bankers. "This requires you to be better informed on agricultural and banking matters."

It is important, he said, that bankers maximize their present resources before they take the extra step of broadening outside alternatives.

"There are opportunities for many banks to stretch their own resources for agriculture by shifting assets to loans, strengthening

lending procedures and maximizing bank activities."

Mr. Derr said total farm debt is rising at a faster rate than expected. "This in part is due to the increased cost of major farm inputs. Total farm debt equalled \$95 billion at the beginning of this year, and \$22 billion of this was held by banks. At this pace, total



farm debt will exceed \$150 billion by 1980, instead of the \$120 billion projected at the beginning of this decade."

More important, Mr. Derr stressed, is the increased amount of funds needed by individual farmers.

"Recent U.S. Department of Agriculture (USDA) figures show that a typical corn-soybean operation requires an investment of more than \$600,000. Lines of credit of \$1 million or more are not unusual.

"Another dimension is the longer term loans needed to accommodate the purchase of land and machinery, as well as the construction of modern facilities. There is a

continuing need to stretch loan terms to accommodate debt within the cash flow producing capability of the farm business."

Mr. Derr said the competition for loan funds in rural areas has grown substantially.

"Rural areas are becoming increasingly exposed to the same financial markets as urban areas. The tight money periods of 1966, 1969-70, and today vividly illustrate that funds from outside sources, such as correspondent banks, insurance companies and Federal Intermediate Credit Banks can dry up during such times," he concluded.

Propose New S&L Service

The Federal Home Loan Bank Board has proposed a new Federal regulation governing travelers' convenience withdrawals.

The proposed regulation states that a Federal association may permit an account holder to make a withdrawal from a savings account through a disbursing association whose accounts are insured by the Federal Savings and Loan Insurance Corporation.

An important provision of the proposed regulation requires the office of the disbursing association to be located more than 100 miles from the account holder's home.

The proposal also permits a
(Turn to back page, please)

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Iowa News

The first general session of the 88th annual Iowa Bankers Association Convention begins today at the Hotel Fort Des Moines. Among the resolutions to be presented for adoption at the business meeting is the following: Be it resolved that the IBA proceed with the establishment of an electronic funds transfer system in Iowa and automated clearing houses as appropriate and necessary to secure modern payment mechanisms for our Iowa

customers and banks. Also to cooperate with other state associations, the American Bankers Association, the Federal Reserve System and all other interested in the establishment of regional and national systems.

IOWA FALLS: Funeral services were held last week for Steven Miller, 22, son of Richard Miller, president, Citizens State Bank. A student at the University of Northern Iowa, he was killed in an auto accident near Parkersburg.

MANNING: Lee Foote will join the Manning Trust & Savings Bank on October 15. He has been vice president and cashier of First National Bank of Wayne, Nebr.

NEWTON: Mark F. Schakel and Denis G. Wilcox have been elected directors of the Jasper County Savings Bank. Mr. Schakel is a bank vice president in charge of the agriculture and farm management division. Mr. Wilcox is a bank vice president in charge of commercial lending.

OSAGE: Funeral services were held recently for Ewald W. Heiden, 72, chairman of the Osage Farmers National Bank. Mr. Heiden joined the bank in 1937 as cashier and advanced during the years to executive vice president, president and chairman.

OTTUMWA: Dennis Emanuel has

been named trust officer at the South Ottumwa Savings Bank. He will join the bank in November from the Veterans Administration in Washington, D. C.

Nebraska News

The six groups of the Nebraska Bankers Association elected officers for the coming year at their meetings held last week throughout the state. The newly named presidents are: Group 1, W. W. Cook, Jr., president, Beatrice National Bank and Trust Co.; Group 2, H. Keith Newton, executive vice president, Albion National Bank; Group 3, Charles Froehlich, cashier, First National Bank, O'Neill; Group 4, Ray Van Norman, vice president, Minden Exchange National Bank; Group 5, Keith A. Whaley, executive vice president, Farmers State Bank, Sargent; Group 6, William S. Olson, executive vice president and cashier, Nebraska State Bank, Oshkosh.

PLATTSMOUTH: Cass County Bank has received FDIC approval for a detached teller facility at Sixth and Main Streets in Plattsmouth.

Illinois News

An application for a permit to organize the Heritage Bank of Green Trails at Gartner Road and College Avenue, unincorporated, DuPage County, has been filed. Total capitalization of the new bank would be \$1 million, consisting of \$400,000 in capital, \$400,000 in surplus and \$200,000 in reserve. Applicants include Robert E. Kennedy, Flossmoor; Alfred J. O'Malley, Chicago; Walter H. Ehrmann, Olympia Fields; Robert L. Maes, Dolton; Donald O'Toole, Jr., Clarendon Hills, and Paul Carson, Jr., Hinsdale.

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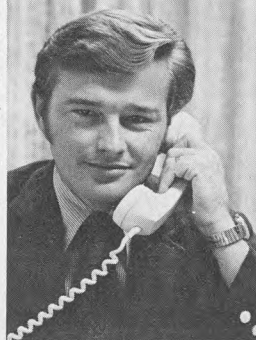
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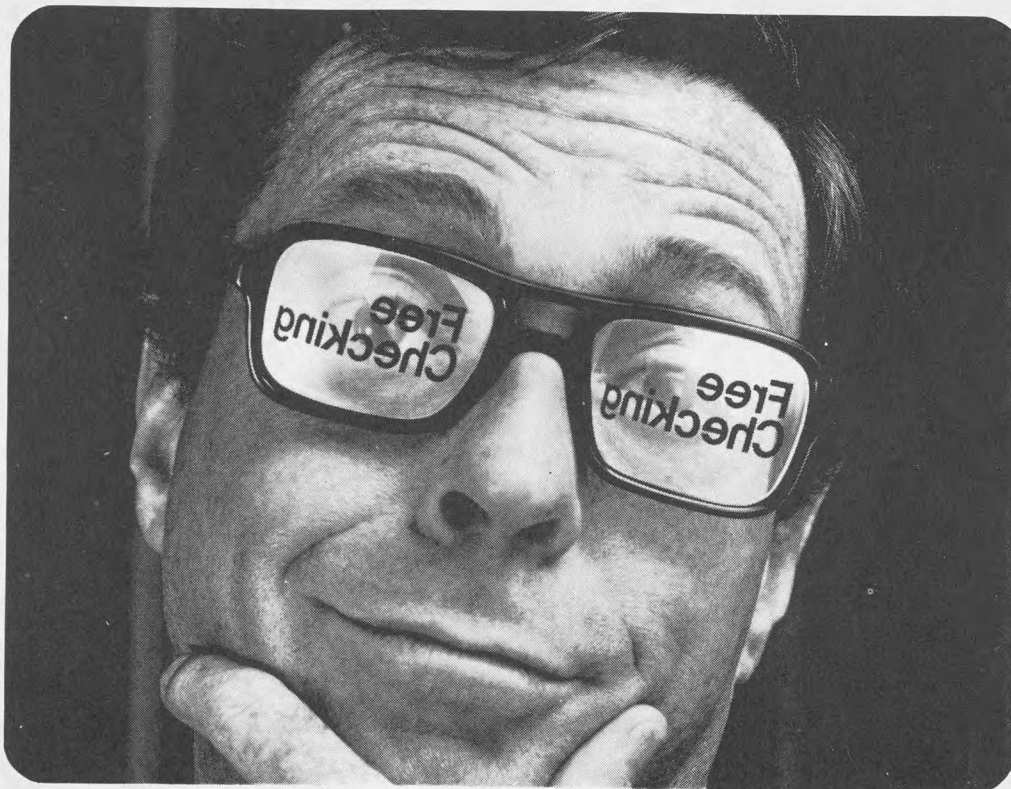


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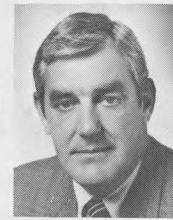
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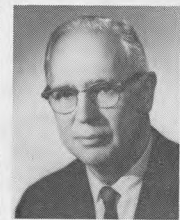


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LOCKPORT: Paintings by Illinois prison artists are on display in the lobby of the Bank of Lockport through October 19.

PEKIN: First Federal Savings and Loan of Peoria has gained approval of the Federal Home Loan Bank Board for a branch in the vicinity of the 3400 block of East Court Street in Pekin.

STONINGTON: FDIC coverage has been approved for the new Stonington Community Bank with total capital accounts of \$400,000.

WINFIELD: An application by Charter Bancshares, Inc., Northfield, for approval to acquire 80% or more of the voting shares of Bank of Winfield has been approved.

Minnesota News

ALBANY: Elmer Kohorst has joined the Stearns County National Bank.

ARGYLE: Peter A. Carlson has been promoted to vice president of the Argyle State Bank. Dennis Schlagel has been elected cashier.

ARLINGTON: Richard Peterson has joined the Arlington State Bank.

ISANTI: Jim Huston, former loan officer at the First National Bank, Cannon Falls, has acquired interest in the First State Bank and has assumed management of the bank.

MINNEAPOLIS: The Twin City Federal S&L Association has announced it is installing a remote, off-premise teller machine in the Minneapolis-St. Paul International Airport. The Airport Agency Authority and the Federal Home Loan Bank Board have approved the installation. Initially, the machine will not be on-line to the S&L computers; but, plans now call for the remote machine to be on-line with the S&L central computer by the end of this year.

ROCHESTER: John E. Ryan has been elected vice president of the Northwestern National Bank. He will have responsibilities in the marketing department.

Travelers Checks to Pay 9% Interest

Travelers who buy and hold travelers checks for 60 days or more will receive interest on their money under a plan unveiled at the Bank Marketing Convention in New Orleans last week.

The American Bankers Club (no relation to ABA) Travelers Plus checks are reputed to be the only interest bearing travelers checks in the world. They will be available in

denominations of \$20, \$50, \$100, \$500 and \$1,000 through banks and travel agencies. After being held for 60 days, they start accumulating interest at 9%.

Joins Kansas Bank

John Hilliard has resigned as vice president of Commerce Bank of Kansas City to become president of the Farmers & Merchants State Bank, Colby, Ks. He was formerly senior vice president of First National Bank, Ottumwa, Ia.

North Dakota News

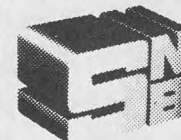
DEVILS LAKE: Ramsey National Bank and Trust Co. recently held the grand opening of its newly remodeled and expanded facility.

GRAFTON: Loran Corum has joined the First National Bank as an instalment loan officer.

MINOT: First National Bank has announced three promotions. They

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are Donald H. Davison, named vice president, administration; Barbara McLaughlin, named instalment loan officer, and Floy Langseth, named assistant loan officer.

NEW SALEM: Security State Bank recently held a ground breaking ceremony to officially begin construction of its new bank.

South Dakota News

CUSTER: The Custer County Bank has announced the addition of Carle Richard (Dick) Jackson of Rapid City to its staff as loan officer. He formerly was the real estate and instalment loan officer with the United National Bank of Rapid City.

Colorado News

Ron Phillips, vice president at United Bank of Denver, has been elected president of the Colorado chapter of the Bank Marketing Association.

DENVER: The First National Bank of Denver has announced the promotion of Charles A. Clark to vice president of the national division in the commercial loan department and Darl G. Hobson to vice president and head of the community affairs division of the personnel department.

DENVER: Colorado National Bank has announced the promotion of William A. Maltby to vice president in the banking department.

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NEW SERVICE.

(Continued from page 1)

Federal association to act as the disbursing institution in such a withdrawal.

Another proposal backed by the United States League of Savings Associations to grant tax exemption on \$1,000 of interest on savings accounts was rejected 10-8 on September 24 by the House Ways and Means Committee. Harry F. Brush, vice president of the National Association of Mutual Savings Banks, indicated his organization will continue its efforts for passage of such legislation. He said, "For one thing, the committee did not then have available an in-depth analysis of how much new revenue would be generated by increased activity in the housing and construction industries resulting from this measure."

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Vol. 3 No. 75 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306 Fifteenth Street,

Des Moines, Iowa 50309. Subscriptions 25 cents per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579) manuscripts, mail items to above address.