

NORTHWESTERN Banker Newsletter

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Urges Long Range EFTS Planning

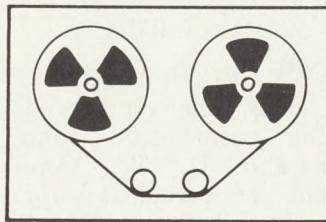
EFTS is an extremely efficient method for a bank to enable its customers to achieve self-service banking for routine transactions - but long range planning is absolutely essential.

This was the comment made by Russell C. Browne, Jr., advisor for payments systems, Office of the Comptroller of the Currency, Washington, D.C., before a Community Bankers Seminar in Minneapolis earlier this month.

Mr. Browne expressed concern that many bankers feel that EFTS is moving so fast that it will soon revolutionize the entire financial industry. Unless they do something now, they will be left behind. Changes in all payments mechanism are taking place, spurred by a series of local successes in electronic banking.

At the present time, there are some 225 to 250 EFTS projects underway around the country. Absolutely none of them is so massive in scope or absolute results as to cause an overnight revolution in the banking industry. These EFTS projects are mainly experimental in nature, providing bankers and customers alike with an opportunity to learn through actual experience whether or not electronic delivery of conventional services satisfies real needs.

Some bankers have been waving the banner that you must be first in the marketplace in order to capture all of the benefits which are likely to accrue to the banks through EFTS. My only response to that plea is that if you have the resources and the ego need to be first "at any cost," by all means have at it. A reasonable alternative might be to



"piggyback" on someone else's system. By doing so, you would not be "the first institution on your block to have one," but you would benefit from the other's R&D and market preparation. The first operational systems in any geographic market are also likely to have some "bugs." "Second and better" may be preferable to "first and worst." Preliminary data from the experiments currently underway tends to indicate that while there may be minor shifts in market share from institutions not offering EFTS to those that do, this shift may be temporary in nature and minor in magnitude. The results

have been somewhat similar to the offer of free checking services in a community. The first bank to offer the service may pick up a few customers and their deposits until competing institutions follow suit. When this happens, the specific economic incentive for a customer to shift his account is removed and customers tend to flow back to those banks that are providing the best level of satisfaction for their overall financial needs.

Regional Systems

The electronic banking systems are likely to develop first on a local basis, expanding logically to a regional activity when need and volume dictate and only then grow on a national basis. Some local systems are now in place and several more are likely to be added during the next two years. Regional systems are currently under discussion in Iowa, Nebraska, Florida, Kansas, Missouri, Illinois, and California. The first of these is not likely to be operational for at least a year or perhaps significantly longer.

I cannot emphasize strongly enough the need for competent long range planning. Formal or informal, sophisticated or simple, a good long range plan is essential to the subsequent development of a market strategy that will support

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Banking for a brighter future.



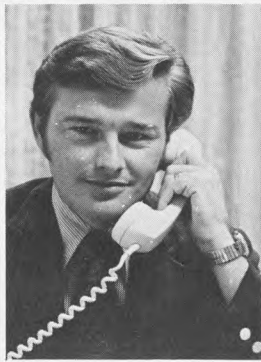
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Iowa News

The Iowa Group of the National Association of Bank Women, Inc., will hold its annual meeting May 8-9 at the Hilton Inn in Sioux City. Keynote speaker will be Marge Lickert, secretary to the division manager of marketing and business development of the U. S. National Bank, Omaha. There will be a seminar of EFTS and a speech on audit control. June Darby Ellison, NABW regional vice president, also will speak. Jane Moline, group chairman and assistant vice president at Security National Bank in Sioux City, will preside.

ANKENY: Donald L. Davis has been elected senior vice president of the Ankeny State Bank, effective May 1. He formerly was executive vice president, director and manager of the real estate loans division of Capital City State Bank of Des Moines.

BURLINGTON: John F. O'Neill has been advanced from executive vice president and trust officer to president of the First National Bank, succeeding Dale Kelley, who died several weeks ago. William C. Steele has been named executive vice president and Robert C.

Matsch vice president and senior trust officer in charge of the trust department.

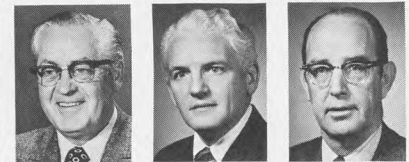
CEDAR RAPIDS: C. Bernard Jacobs, Ben Schwartz and John F. O'Neill were added to the Banks of Iowa board at the holding company's annual meeting recently. Mr. Jacobs is chairman of National City Bank, Minneapolis. Mr. Schwartz is a Marshalltown, Ia., metals dealer. Mr. O'Neill is the new president of the First National Bank, Burlington, a Banks of Iowa affiliate.

CEDAR RAPIDS: Merchants National Bank has announced the following promotions: John R. Taylor and D. W. Coppock, assistant vice presidents; John P. Pothoven and Steven K. Ohde, assistant cashiers, and Gary D. Jones, assistant trust officer. The bank has established a new department, farm and property management. James H. Shaff and Ivan W. Reihmann, former trust officers, are now farm and property management officers.

CORRECTIONVILLE: Funeral services were held last week for P. S. Hart, president, Corn Belt State Bank.

DANVILLE: Funeral services were held recently for Willett L. Finke, a director of Danville State Savings Bank. He had been a director since January, 1972.

DES MOINES: Bill Boyer has been promoted to vice president and



Christy Armstrong Leo Kane Bob Scott

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commercial loan officer of Capital City Bank.

EARLY: Marv Hansen, president, Early Savings Bank, has been advanced to chairman of Group 1 of the Iowa Bankers Association. He was elected secretary of the group at the Sioux City meeting in February. As chairman, he will succeed the late Jim Meyer, who was president of First National at Paullina when he died several weeks ago. Mr. Hansen will take office at the IBA Convention in Des Moines in October. A new Group 1 secretary will be elected at the meeting in February of 1976.

FORT DODGE: L. Harlan Pfaff has been elected vice president and trust officer of The State Bank.

PERRY: Marvin Hartz will join the First National Bank as marketing and agricultural representative May 5. He is the area livestock supervisor for the local Oscar Meyer plant.

Nebraska News

FREMONT: This is the only city in the nation where every teller in each bank is "on-line" to a central computer. First State Bank recently joined First National and Fremont National in a telecommunications link with the Fremont Computer Center operated here by National Bank of Commerce, Lincoln. A total of 50 tellers in the

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JOHN RODGERS WELCH
Correspondent
Banking Officer

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Greg Scharnberg



DEAN KNUDSON
Chmn., Group 6



DON ERUSHA
Chmn., Group 7

Program Highlights for

Groups 6, 7, 8, 4

Dr. Arthur Secord, humorous speaker and author, will be the featured speaker at Groups 6, 7 and 8 of the Iowa Bankers Association next week. Group 4 plans a tour of the John Deere Dubuque Works.

Details of the programs for each group are as follows:

Group 6

Group 6 will meet at the Des Moines Golf and Country Club on Monday, May 5. Registration will start at 2 p.m. The reception will be at 5 p.m., followed by the dinner and business meeting at 6 p.m. Bingo will begin at 9 p.m. Golf will be available starting at 9 a.m. Registration is \$17 per person or \$32 per couple. Green fees are \$12.50

IBA President Jack L. Campbell, Superintendent of Banking Cec Dunn, and IBA Executive Vice President Neil Milner will talk at the business meeting. Group

Chairman Dean Knudson, president, University Bank & Trust, Ames, will preside.

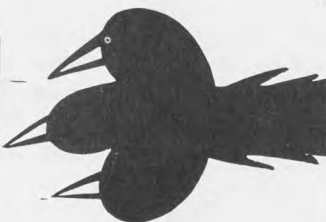
Group 7

Registration for Group 7 will start at 1 p.m. Tuesday, May 6, at the Ramada Inn in Marshalltown. The business meeting will begin at 3 p.m. The social hour will be held at 5:30 p.m., followed by dinner at 6:30 p.m. Golf will be available at the Legion Memorial Golf Course from 8 a.m. Advance registration is \$15, and \$17 at the door. Green fees will be \$2.50.

Group Chairman Don Erusha, president, State Bank of Solon, will preside at the business meeting. IBA President Jack Campbell, Superintendent of Banking Cec Dunn, and IBA Executive Vice President Neil

(Turn to page 4, please)

**SCDATCH
SUDALGH
PAD**



Your hosts, the Clayton County Banks and Buchanan County Banks extend a warm welcome to their friends in Group 4 and throughout the State of Iowa to join them in their Annual Meeting.

GROUP FOUR
May 8, Thursday, Dubuque
Julien Motor Inn

Remember...

You are cordially invited
To Attend the Meeting of
GROUP SIX
Monday, May 5, Des Moines
Golf and Country Club





DICK FERGUSON
Chmn., Group 8



JACK THOMSON
Chmn., Group 4

Milner will speak at the afternoon session. Dr. Secord will speak following the evening dinner.

Group 8

Activities for Group 8 will take place at the Blackhawk Hotel in Davenport on Wednesday, May 7. Registration will start at 10 a.m. The annual business meeting will begin at 3 p.m. At 5:30 p.m., the social hour will be held, and the dinner will be at 6:30 p.m. Golf will be available at the Davenport Country Club starting at 8 a.m. Registration for the meeting will be \$16. Green fees are \$7.50.

R. J. Ferguson, chairman of Group 8 and vice president of the Tipton State Bank, will preside at the

afternoon business meeting. IBA President Jack Campbell, Superintendent of Banking Cec Dunn, and IBA Executive Vice President Neil Milner will speak.

The ladies will be treated to a shopping tour of the North Park Shopping Center, and shuttle bus service will be available from the Blackhawk starting at 1 p.m.

Dr. Arthur Secord will speak following the evening banquet. Ken Paulsen and his band will play for dancing from 9 p.m. 'til 12 a.m.

Group 4

Group 4 will get an early start on Thursday, May 8, at Dubuque's Julien Motor Inn. Registration starts at 9:30 a.m. A men's luncheon will be held at 11:30 a.m., and the annual business meeting will be held at 12 noon. In addition to Mssrs. Campbell, Dunn and Milner, Murray Goodman, executive director of the Iowa Bicentennial Commission, will speak. At 1:15 p.m., a tour will be taken through the John Deere Dubuque Works. Jack Thomson, Group 4 chairman and president of the Cresco State Bank, will preside at the business meeting.

The ladies will hold an 11:30 a.m. luncheon in the Crown Gallery, and take a tour to Galena, the home of General Ulysses S. Grant.

A highlight of the evening will be a musical review by the Toast of the Town. The social hour is at 5:30 p.m., followed by the banquet at 6:30 p.m. An hour of dancing will start at 8:30 p.m.

FTC Proposes Rule on Unfair Credit Practices

Trade regulation rules defining unfair credit practices have been proposed by the Federal Trade Commission under a new law which makes them applicable to banks if

adopted, within 60 days of their final approval by FTC, by the FRB.

Under the FTC proposal, unfair practices would include the use of these contract provisions in consumer credit transactions:

1. Confessions of judgement.

2. Waivers or limitations of property exemptions from attachment or execution.

3. Blanket security interests in "household goods" and cross collateral clauses which have a similar effect.

4. Provisions which make a consumer responsible for charges for late or "extended" payments which exceed the amount derived from applications of the annual percentage rate governing the transaction to the exact payments which are late or "extended."

5. Security interest provisions which fail to specifically enumerate and identify each item of affected property.

6. Assignments of wages. (an alternate provision would limit the use of wage assignments to transactions involving \$300 or less where no other security is reserved by the creditor.)

7. Attorney's fees provisions which require the consumer to pay the creditor's attorney's fees in the event of a default. (an alternate provision would limit the amount of such fees and restrict assessment of them to instances where an account is actually referred to an attorney who is not a creditor's employee.)

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three banks have Burroughs TU500 terminals, keeping accounts current and giving balance information. A log of teller activity also is provided as an aid to scheduling teller time. Stage one of the program includes demand deposits and savings. A central information file network has been established and is offered to all banks statewide. This includes message switching between banks. Burroughs' TU and the new TT series have card capability and eventually would make it possible to effect paperless entries through both live and unmanned teller stations. National Bank of Commerce expects to add eight other banks in other parts of Nebraska to its network by June 1. In addition to Fremont and Lincoln, computer centers are maintained at North Platte and Grand Island and a leased line will be operated between computers starting about July 1.

LINCOLN: National Bank of Commerce expects to have two unmanned, on-line teller units in operation by late summer or early fall. Diebold TABS 550 units will be installed on the ground floor of the new downtown Lincoln headquarters building, and also in the detached teller facility under construction at 40th and South Streets.

OMAHA: Gertrude Foltz has been promoted to auditor of the North Side Bank. She joined the bank in 1953.

SUTHERLAND: The Federal Reserve Bank of Kansas City has announced its approval of the application by First Security Corporation here for approval of action to become a bank holding company through the acquisition of 89.9% of the voting shares of First Security Bank, Sutherland.

WYMORE: The Director of Bank-

ing, William H. Riley, has issued an order of approval to Wymore National Bank for permission to convert to a state charter in the name of Wymore State Bank, 200 South 7th Street.

Minnesota News

Bruce Lloyd, president of Independent Bankers of Minnesota, has announced that "Seminar '75," the association's annual keyman seminar, will be held on April 30 through May 1 at the Registry Hotel in Bloomington. Participants will hear Wayne Dobson, professor of banking from the University of Nebraska, discuss "The Banking Regulatory Revolution" at the opening luncheon. Other topics to be discussed include Minnesota legislation, cooperative lending arrangements between banks and production credit associations, delegation and communication in management, retirement funding plans, one-bank holding company and pension reform legislation.

MINNEAPOLIS: Paul S. Blackburn has been named advertising manager of the First National Bank succeeding John E. Morgan who recently was promoted to director of marketing services. Mr. Blackburn formerly was with D'Arcy, MacManus & Masius advertising agency in St. Paul.

Illinois News

James E. Smith, Comptroller of the Currency, will open the first general session on the Illinois Bankers Association's 84th Annual Convention May 4-6 at the Palmer House, Chicago. Other featured general session speakers include Henry C. Wallich, Governor, Federal Reserve Board, Washington, D.C., and Michael J. Howlett, secretary of state, Springfield.

ASHKUM: A charter has been issued to Central Bank, Intersec-

tion State Route 116 and Cemetery Road. The state bank's total capitalization will be \$700,000 consisting of \$250,000 in both capital and surplus and \$200,000 in reserve. Officers are Ben H. Whitsitt, chairman; Tobe C. Schroeder, president; Darrow D. Jackson, executive vice president and cashier, and Wayne H. Meier, vice president.

CHICAGO: E. Norman Staub, president, Northern Trust Company, has been designated to become vice chairman of the bank when Douglas R. Fuller retires from that position at year-end, it was announced this month. Philip K. Sweet, Jr., executive vice president, will be advanced to the presidency of the bank.

CHICAGO: LaSalle National Bank has announced the following promotions: Dennis Kelley, vice president, real estate loan division; Peter McLaughlin, assistant vice president, national division, and John F. Regan, assistant vice president, correspondent banking division.

OAK FOREST: James A. Waldorf has been elected president of Interstate Bank of Oak Forest.

PEORIA: Formation of the Commercial National Corporation, a bank holding company for the Commercial National Bank of Peoria, has been approved.



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EFTS PLANNING.

(Continued from page 1)

your business objectives. An assessment of EFTS as one of the elements of the marketing strategy would enable you to make a sound business decision without feeling the emotional pressure to "do something in EFTS" even if it were wrong.

Colorado News

Two controversial bank regulatory bills which had split the Colorado banking industry have been killed by the Colorado Senate business affairs and labor committee.

On a 5-3 vote, the committee killed a House bill that would have limited the total deposits that could be held by the subsidiary banks of the state's nine multibank holding companies.

The committee then voted unanimously to kill a Senate bill that would have allowed commercial banks to open full-service branches on a geographically restricted basis.

A bill that would impose a two-year moratorium on EFTS development also has passed the House and bankers are now discussing among themselves what amendments ought to be offered in the Senate.

DENVER: In a top-level management reshuffle Will F. Nicholson, Jr., has been named president of Colorado National Bankshares,

Inc., multibank holding company. He succeeds Melvin H. Roberts who becomes chairman of CN Bankshares, a newly created position. Bruce M. Rockwell was named vice chairman of the holding company, also a newly created position, and will remain president of the Colorado National Bank of Denver, the holding company's anchor bank.

DENVER: Donald W. Robotham has rejoined United Bank of Denver as a senior vice president. Among his new involvements will be agribusiness, correspondent banking and loan analysis. Mr. Robotham resigned from the Denver bank in 1972 to become president and chief executive officer of the Fort Collins National Bank, then in organization.

FORT COLLINS: Northern Bank & Trust's application for Federal deposit insurance has been approved.

NORTHGLENN: Northglenn State Bank's application for charter will be considered by the State Banking Board at a public hearing scheduled at 9 a.m., June 19 in the auditorium of the State Social Services Building.

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North Dakota News

FARGO: David Wanner has joined the First National Bank and Trust Company of Fargo as trust representative, according to R. D. Harkison, bank president.

South Dakota News

SIOUX FALLS: The application of Northwestern National Bank for a branch at 41st Street and Marion Road has been approved, according to C. A. Lovre, bank president.

Wyoming News

CHEYENNE: Maynard J. Richmeier has joined the American National Bank as assistant vice president of commercial loans.

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AGRI-LN & INS.—Ks., Ia.	\$14,000

Several other Jr. & Sr. positions open. Many clerical (tellers, proof operators, secretaries) for people moving to Kansas City area. REMEMBER:

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