

NORTHWESTERN Banker Newsletter

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May 12, 1975

ABA Head Suggests "Creative Regulation"

In an address before a meeting of the Conference of State Bank Supervisors, the president of the American Bankers Association (ABA) has called for more responsive regulation and better communication between bankers and regulators.

Likening the relationship between banker and regulator to that of "friendly adversaries," ABA



George Whyel

President George L. Whyel said bankers want "creative regulation."

"Bankers want regulation that allows financial institutions to compete freely and equally in the public interest.

"Bankers want regulation that responds to the changing environment of banking, that takes into

account the new economic and competitive pressures of our times.

Look Ahead

"And bankers want regulation that looks ahead to the needs of tomorrow, not backward to the demands of yesterday."

On the other side of the coin, Mr. Whyel told bankers they "must avoid looking to regulators to solve banking's problems."

"I do not think that any banker can afford to be quiet in communicating with regulators or with political leaders who shape economic policy. If bankers can rightfully demand 'creative regulation' of their regulators, so to should regulators receive 'creative communication' from the industry they supervise."

To emphasize his point of "creative communication," the ABA president emphasized two subjects: electronic banking -- and efforts to curb it -- and centralization of regulatory responsibility at the federal level.

Stressing that electronic banking is not a host of new services, but merely a new method of delivering existing bank services, Mr. Whyel said, "Electronic banking technol-

ogy provides opportunities to bank customers, employers and the government for faster, more efficient and often more economical delivery of bank services."

Citing several automatic services like direct payroll deposit, pre-arranged payments and direct deposit of Social Security benefit payments that can and will be facilitated by electronic banking, he pointed to remote electronic banking facilities (CBCTs) as "the next logical step in the evolution of better delivery of services."

EFTS Issue

Noting that the CBCT issues were generated on the federal level by a ruling of the Comptroller of the Currency, Mr. Whyel said, "It is not only at the federal, but also at the state level where electronic banking is at issue."

The ABA president told the state banking supervisors "bankers, regulators and legislators must work together on a state-by-state basis to formulate regulations on electronic banking that are relevant for the times."

While the ABA refrains from taking positions on state action toward EFTS because it would violate ABA's belief in the dual banking system, Mr. Whyel urged the state regulators "to recognize (Turn to Page 5, please.....)

CALL ON THE "PERFORMANCE TEAM"

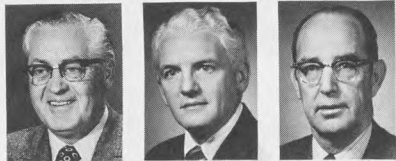
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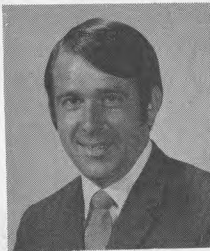
Bank Card School Registration Deadline

Registration deadline for the American Bankers Association's (ABA) Bank Card School is May 19. The 1975 co-ed resident session of the school, with an enrollment limitation of 175 students, is being conducted at Northwestern University, Evanston, Ill., from June 15-20. For further information contact Diane E. Daniel, registrar, Bank Card Division, American Bankers Association, 1120 Connecticut Ave., N. W., Washington, D. C. 20036.

Iowa News

DES MOINES: Members of the Iowa Investment Bankers Association will hold their annual Field Day at the Wakonda Club, May 14-15. Registration will start at 5 p.m. on May 14. First Flight golf will start at 8 a.m. on May 15.

DES MOINES: Prospective small business owners will have the opportunity to learn what it takes



Larry Welch

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to start and operate a small business through a workshop conducted by the Small Business Administration in cooperation with the Des Moines chapter of Service Corps of Retired Executives (SCORE). The one-day workshop will be held Tuesday, May 13, in Room 707, Federal Building, 210 Walnut St., Des Moines.

HAMBURG: Alan Fender has been named instalment loan officer at the Iowa State Bank.

LAKE MILLS: The Federal Reserve System has announced its approval of the application of Hawkeye Bancorporation, Des Moines, to acquire Farmers & Merchants State Bank here.

MANCHESTER: Kevin Flanagan has joined the Farmers and Merchants Savings Bank as assistant vice president and loan officer.

OSCEOLA: The Clarke County State Bank is celebrating its 40th anniversary.

TEMPLETON: Templeton Savings Bank has received permission to exercise limited trust powers.

WILLIAMS: Margy Jensen Wood has been elected president and chairman of the Williams Savings Bank, according to John R. Hensley, executive officer. Ms. Wood fills the unexpired term of her father, the late A. J. Jensen. L. S. Wood of Webster City was appointed to fill the director vacancy.

Nebraska News

The Nebraska Bankers Association recorded its largest attendance ever at its annual convention in Omaha last week. Over 1,150 people were registered. Delegates approved the previously announced revisions in the articles of incorporation and the bylaws. The election procedures were included in the revisions.

NBA Vice President Robert E. Burkley was advanced automatically to the presidency of the association under the revisions. He is chairman and president of the First National Bank of Fairbury. James I. Black, president of Cones State Bank in Pierce, was elected vice president and president-elect of the association. Mr. Black will automatically advance to the presidency next year.

A full report with pictures will be featured in the June issue of the Northwestern Banker.

LINCOLN: The Nebraska Supreme Court has ruled that Hinky Dinky Stores do not engage in banking or savings and loan business by acting as agents for S&L customers through terminals located in the supermarkets. The decision upheld a state district court which had ruled in favor of Hinky Dinky and against the Nebraska Attorney General, who filed the suit early in 1974. Hinky Dinky may continue to use EFT terminals in its stores to facilitate transactions between a financial institution and its cus-

(Continued on page 5)

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Program Highlights for IBA Groups 2, 3, 5, 12

Charles Herrmann, vice president of Josten's Inc., Owatonna, Minn., will be the featured speaker at Group 3 and 12 meetings of the Iowa Bankers Association next week. Johnathan Proud, world traveler and humorist, will speak at Group 2 and the Tonyan's will entertain at Group 5.

Details of the programs for each group follow.

Group 2

Group 2 will meet at the Starlite Village Motel in Fort Dodge on Tuesday, May 20. Registration begins at 9:30 a.m. followed by the program at 3 p.m. Social hour begins at 5:30 p.m. and the banquet at 6:30. Mr. Proud will speak at the dinner. There will be dancing at 9. Golf will be available at the Fort Dodge Country Club from 9 a.m. until 2:30 p.m. Registration fee will be \$10 in advance or \$12 at the door.

IBA President Jack Campbell, Superintendent of Banking Cecil Dunn and IBA Executive Vice President Neil Milner will speak at the business meeting. Bob Lounsberry, Iowa secretary of agriculture and Forrest B. Johnson, coordinator of agri-banking at Iowa Central Community College, also will speak. John Walther, group chairman and president of the Renwick Savings Bank, will preside.

The ladies will enjoy a program on antique dolls, their clothing and history.

Group 3

The Surf Convention and Civic Center in Clear Lake will be the site of the Group 3 meeting Thursday, May 22. Registration begins at 10 a.m. followed by the program at 1 p.m. Social hour begins at 5 p.m. on the Apple Blossom Mezzanine and the president's banquet at 6:30 in the main ballroom. An all-star floor show, featuring headline acts and stars from Las Vegas, Hollywood, television and recordings, will begin at 8 followed by dancing to the Ralph Zarnow Orchestra at 9:30.

Harold Gallagher, Group 3 chairman and executive vice president of the Sheffield Savings

Bank, will preside at the business meeting. IBA President Jack Campbell, Jr., Superintendent of Banking Cecil Dunn and IBA Executive Vice President Neil Milner will speak. Holmes Pedelty, president, Clear Lake Auction Company, will deliver a speech entitled "Today's Challenge: Tomorrow's Opportunity." Mr. Herrmann also will speak at this meeting. The report of the nominating committee and election of officers will be included.

A luncheon and spring and summer style show will be held at the Holiday Motor Lodge for the ladies.

Group 5

Registration begins at 10 a.m. at the Ramada Inn in Council Bluffs for the Group 5 meeting Monday, May 19. The business meeting, which begins at 1:15 p.m., will be preceded by a luncheon at 12:15. Registration is \$17 for the



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luncheon, dinner and entertainment: \$5 for the luncheon only, and \$13 for the dinner and entertainment.

Richard S. Goos, Group 5 chairman and vice president of the First National Bank in Council Bluffs, will preside at the meeting. Julian Rundle, executive vice president of Kay Corporation, and Bob Backman, president of Kay Livestock Market Service, will discuss the progress made in modernizing the stockyards and plans for the future. IBA President Jack Campbell, Superintendent of Banking Cecil Dunn and IBA Executive Vice President Neil Milner will speak.

Social hour begins at 5:30 at the Lakeshore Country Club followed by the banquet at 7. The Tonyan's, who have appeared in Las Vegas and at many state fairs, will entertain.

The ladies program includes a 12:15 luncheon at the Holiday Inn featuring entertainment by the

Abraham Lincoln High School Swing Band and a style show by Maxine's of Omaha.

Group 12

Group 12 will meet at the Lakeview Room, The New Inn in Okoboji on Wednesday, May 21. A golf tournament will be held at the Brooks Golf Course. Tee-off time is 8 to 9 a.m. General registration is from 2:30 to 5 p.m. Pre-registration fee is \$14 per person; registration at the door is \$16.

Leo E. Carlson, Group 12 chairman and president of the First National Bank of Sibley, will preside at the business meeting in Convention Hall from 2:30 until 4 p.m. Messrs. Campbell, Dunn and Milner will speak. In addition, there will be a discussion on EFTS and ACH activities.

The reception will be held in the Lakeview Room from 5 until 6:30 p.m. followed by dinner. Mr. Herrmann will speak at the dinner.

Comptroller Issues CBCT Mileage Restrictions

Comptroller of the Currency James E. Smith announced Friday that his office has restricted customer-bank communication terminals to a 50 mile area from the headquarters bank or a branch. The mileage restriction will not apply to shared systems such as MAPS planned by Iowa and Nebraska or the multi-state system being formed in the midwest by 10 banks including Davenport Bank and Trust Co., Davenport, Ia. The mileage restriction will be lifted July 1, 1977.

EFTS Bill Deferred

The proposed EFTS bill has been deferred in an Iowa Senate committee until this week.

To Hold Seminar on Recurring Payments

Central National Bank, Des Moines, Ia., will hold a one-day seminar for correspondent banks Tuesday, May 27, in the Grand Ballroom of the Hotel Savery in Des Moines. The seminar will concern direct deposit of Federal recurring benefit payments and the automated clearing house. The session will begin at 10 a.m. with lunch being served at noon.

Minnesota News

ANOKA: First National Bank has received permission to establish an office at 216-222 Van Buren Street.

BLAINE: First Northtown National Bank has received permission to establish an office on 7th Street, N. E. at 87th Lane, N. E.

BRECKENRIDGE: Michael L. Matz has joined the Farmers and Merchants State Bank as agricultural representative.

North Dakota News

JAMESTOWN: The James River chapter of Bank Administration Institute will meet at the Jamestown Country Club May 14. Dinner begins at 6:30.

South Dakota News

ABERDEEN: The South Dakota Bankers Association annual convention will begin May 15 at the Holiday Inn here. A full report will be featured in an upcoming issue of the Northwestern Banker.



omers on the stores premises. The contractual relationship remains between the financial institution and the customer, and the transaction is completed by electronics in the financial headquarters, the decision stated.

NORTH PLATTE: American Corporation has received permission to acquire an additional 57.6% of the voting shares of American Security Bank here.

OMAHA: Controlling interest in the Ames Plaza Bank has been purchased from the Brodkey family of Omaha by a group of local businessmen, headed by Robert R. Kruger, chairman of the Mid City Bank. Mr. Kruger, who also has interest in six banks in Iowa, Missouri and Minnesota, has become chairman replacing Edwin E. Brodkey. A new president will be named to replace Edward D. Brodkey, a cousin of Edwin Brodkey.

YORK: The Federal Reserve has announced its approval of the application of York State Company to become a bank holding company through acquisition of York State Bank.

YORK: The First National Bank has received permission to establish an office at 1730 Lincoln Avenue.

Illinois News

Arthur Busboom, president of the Bank of Rantoul, recently was elected president of the Illinois Bankers Association at its annual meeting at the Palmer House in Chicago.

Other officers elected include: vice president—Ray G. Livasy, president, Millikin National Bank, Decatur; second vice president—John R. Montgomery III, president, Lakeside Bank, Chicago, and treasurer—G. Wallace Rich, president, First National Bank, Cobden.

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There were 1,358 people registered for the convention. A full report with pictures will appear in the June issue of the Northwestern Banker.

CHAMPAIGN: The Association for Modern Banking in Illinois will hold its second annual Consumer Credit Conference at the Ramada Inn Convention Center here May 21-23.

CHICAGO: Bank Marketing Association will hold a Teller/Customer Relations Program May 17 at the Continental Plaza. Registration begins at 8 a.m. and adjournment is at 1 p.m.

FAIRVIEW HEIGHTS: A charter has been issued to the Fairview Heights Community Bank at 10055 Bunkum Road. The state bank's total capitalization would be \$1,250,000 consisting of \$500,000 in both capital and surplus and \$250,000 in reserve. Officers are Edward H. Morris, president; Richard V. Husted, executive vice president. Directors are John J. Baum, J. J. Panepinto, and Richard O. Weinel, Fairview Heights; Robert E. Becker, Milton L. Heitman, Mr. Morris and W. K. Stephens, Belleville; and Mr. Husted, O'Fallon.

HOOPESTON: An application for a permit to organize Mid-American Bank here has been filed. Total capitalization would be \$1 million consisting of \$400,000 in both

capital and surplus and \$200,000 in reserve.

KNOXVILLE: The Farmers National Bank has changed its name to First Farmers National Bank of Knoxville.

OAKBROOK: The Federal Reserve System has announced its approval of the application of First National Corporation here to become a bank holding company through acquisition of the successor by merger to First National Bank and Trust Company of Oak Brook.

ROCKFORD: An application for a new bank here has been disapproved. Wesley E. Lindberg was the agent.

"CREATIVE REGULATION.....
(Continued from Page 1)

that the age of electronic banking has indeed arrived, and that electronic banking can measurably improve the efficiency and delivery of bank services to the public."

He added, "What bankers seek is a regulatory environment in which they may compete freely in the public interest."

Noting that non-regulated in-



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dustries, such as retail merchants, are already expanding into the retail financial market electronically and that many bankers are fearfully ignoring electronic banking, Mr. Whyel challenged, "Who other than banks are better trained and prepared to offer these needed consumer services?"

"If we abandon even a part of the market by not venturing into new ways of delivering these services, we are turning our backs on our customers.

"That has never been banking's way, and I, for one, do not intend to see it become a reality."

On the subject of regulatory reform, the ABA president made three basic observations.

1. "I think we may find, as we study regulatory structure in more detail, that we need less reorganization of agencies than some are proposing, and more improvement of inter-agency cooperation and examination procedures."

2. "Any regulatory reform effort should not only preserve but also strengthen the dual banking system."

3. "We must beware of the dangers of creating a czar-like, Super Bank Regulatory Agency that is overburdened and cannot perform its tasks effectively."

Mr. Whyel is also vice chairman of the board of the Genesee Merchants Bank & Trust Co., Flint, Mich.

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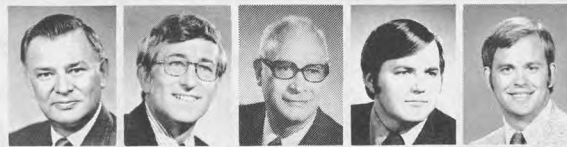
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