

# NORTHWESTERN Banker Newsletter

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May 26, 1975

## "Piecemeal Approach Costly To Banks"

"The current "piecemeal" approach to changing the way the nation's financial institutions do business could cost U.S. banks more than \$5 billion in savings deposits a month and ultimately drive the costs of banking services up."

This is the statement made by George Whyel, president of the ABA.

Citing the lack of Congressional action on the Financial Institutions Act, recommended by both the Nixon and Ford administrations, Mr. Whyel said, "Instead of comprehensive reform we are witnessing change by fiat.

"These actions do not take into account the broad impact on the consumer, nor do they take into consideration the effects on all members of the financial system." Mr. Whyel made the remarks during a meeting of the North Carolina Bankers Association.

The FIA is an outgrowth of a study commissioned by the Nixon administration which sought sweeping changes in the nation's financial system. Essentially it would grant savings and loan associations and other thrift institutions many powers traditionally offered by banks, such as checking account privileges and the ability to make consumer loans.

The FIA has never come to a vote in Congress.

### ABA Endorsement

ABA members generally endorse the legislation on the grounds that it offers the best means of insuring the stability of the nation's financial system, a constant flow of funds for such social priority lending as housing, and increased competition to better serve the needs of the public.

Mr. Whyel said two major forces are acting to shape the future of competition for the consumer's banking services:

"First, piecemeal changes now being approved by Congress, and more often regulatory agencies, are taking some of the shackles off some institutions, but not others.

"And, second, members of unregulated industries, notably retailers, are moving ahead to offer retail financial services to their large market customers."

As an example of such moves, Mr. Whyel cited what he termed the "unjustified interest rate advantage savings and loan associations continue to have over banks."

The justification for allowing S&Ls to pay a half to a quarter per cent more on savings deposits is that the S&Ls, which were established specifically to insure a

## Minneapolis Opening



**PICTURE OF THE WEEK**—A ribbon-cutting marked the recent opening of Midland National Bank's second location. Participating were (l. to r.): **Sandy Cadwell**, personal banking officer at the new facility; **Mert Dresser**, Midland group v.p.; Miss Downtown, **Beverly Marthaller**, and **John Knutson**, Midland pres. The bank is located on the street level of the new Hennepin County Government Center and offers a Docutel Total Teller offering 24-hour service for added convenience.

flow of mortgage money, needed this advantage to attract funds, since they were prevented from offering a full range of consumer services to their customers.

### S & L Concern

Recently the Federal Home Loan  
(Turn to back page, please)

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## Iowa News

In response to interest by banks in Iowa, a prototype HR-10 Program will be available to all banks sponsored by Iowa Bankers Insurance and Services, Inc. The day-long seminar will be conducted by Collin W. Fritz, banking consultant. It begins at 9 a.m. and adjourns at 4 p.m. Following are the dates and meeting places.

June 3, Sheraton Inn, Des Moines.

June 4, Ramada Inn, Waterloo.

June 5, Highlander Inn, Iowa City.

June 10, Atlantic Country Club, Atlantic.

June 11, Harbor House, Storm Lake.

**AUDUBON:** Henryetta S. Van Gorder, 69, president of First State Bank, died May 14 after a one-year illness with cancer. Mrs. Van Gorder had been living in Kearney, Nebr., the past year where her daughter resides. Mrs. Van Gorder became president of the bank in 1942 when her husband, Edwin S. Van Gorder, Jr., died, and had been active daily at the bank until her illness. Burial was in Audubon.

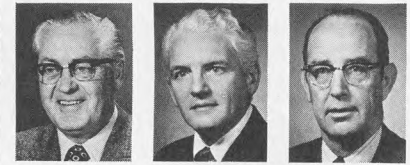
**CEDAR RAPIDS:** Peoples Bank and Trust Co. will observe its 75th anniversary and the opening of its

new auto bank (adjacent to the main bank) on Sunday, June 1, from noon until 5 p.m. Displays, coin collections and antique cars from bygone days will be featured. 1900 era costumes will be worn by staff members.

**COUNCIL BLUFFS:** New officers of Group 5 of the Iowa Bankers Association were elected last week at the group's annual meeting. They are: Chairman, Rand Petersen, president, The Shelby County State Bank; Harlan, and Secretary, Ronald F. Sealock, vice president, Council Bluffs Savings Bank.

**DES MOINES:** The Electronic Funds Transfer Systems bill sponsored by the Iowa Bankers Association—Senate File 432—has been voted out of the Senate Commerce Committee. Amendments to the bill were added because of the compromise situation with credit unions and savings and loans that necessitated adding them to get the bill through the Senate committee. The amendment regarding credit unions and s&l's is added to their respective sections of the Iowa Code giving them the stipulation that all terminals will be adapted for joint usage. This wording does not mean that there will be required mandatory sharing of the terminals between banks, credit unions and s&l's. It just means that the terminals will be adapted for the possible joint usage of all financial institutions.

The Electronic Funds Transfer Systems Bill which had the number Senate File 432 before the amendments were added will be coming into the Senate Steering Committee



Christy Leo Bob  
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## American Trust and Savings Bank

9TH AND MAIN, DUBUQUE, IOWA  
MEMBER FDIC - FRS

for placement on the Senate calendar. The bill has been given a new number...S.F. 536.

**DES MOINES:** As announced in the May Northwestern Banker, Iowa-Des Moines National Bank will launch a six-month EFTS test program starting July 1 with IBM 3604 manned terminals in five supermarkets in the Des Moines area. John R. Fitzgibbon, president of the bank, last week announced the following locations for the terminals: Hy Vee stores at 2559 E. Euclid, Fleur Drive & McKinley and 1441 22nd in West Des Moines; Hinky Dinky stores at 4415 Douglas and 2710 Ingersoll. Terminal units are on display in the bank's four locations for demonstration and educational purposes until late June, when they will be moved to the supermarket courtesy counters. The Iowa-Des Moines system will be called "Easy Banking." Bank customers have been supplied with cards to operate the terminals.

## Nebraska News

**WEST POINT:** The Board of Governors of the Federal Reserve has announced approval of the application of West Point First National Co., Lincoln, to become a bank holding company through acquisition of The First National Bank here.

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## Minnesota News

**BRAINERD:** A charter has been approved for the American National Bank here. Winston W. Borden is the agent.

**GRAND RAPIDS:** Judd L. Weliver, president of Lake States Tree Services, Inc., has been elected a director of the Grand Rapids State Bank.

**LAMBERTON:** Arnold (Pete) Schaar, vice president of the Farmers and Merchants State Bank, recently retired. He was associated with the bank for the past 31 years. Mr. Schaar will remain a director.

**MORA:** Wilford Ostman has been elected chairman of the Peoples National Bank succeeding the late Emil Oslin. Mr. Ostman helped organize the bank and has been a director since its inception.

**MORTONVILLE:** Bev Starr has been promoted to assistant cashier at Tri-County State Bank.

**ST. PAUL:** Victor Reim, Jr., has been elected president of the Commercial State Bank succeeding Paul Bremicker. He assumes duties June 1. Mr. Reim, 35, joined the bank in 1963 and most recently was executive vice president and director.

**SEBEKA:** Bill Weisbrod has been appointed assistant cashier of the Security State Bank.

**WALKER:** Tom Abelman has

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joined the Walker Bank as instalment loan officer.

**WILLMAR:** Dale Beliveau, cashier, State Bank of Pennock, was elected president of the Kandiyohi County Bankers Association at its annual meeting held recently in Willmar. Other new officers are vice president, Paul Bengtson, vice president, Green Lake State Bank, Spicer, and secretary-treasurer, Dennis Larson, assistant cashier, First State Bank of New London.

## Illinois News

**CHARLESTON:** The Bank of Charleston has received permission to exercise limited trust powers.

**CHICAGO:** Robert G. Herman has joined the Drovers National Bank as a vice president in the commercial loan department. Lawrence E. Pluhar has been appointed assistant cashier.

**CHICAGO:** The application of Gladstone-Norwood Trust and Savings Bank for Federal deposit insurance has been approved. Capital accounts of the bank total \$1,750,000.

**CHRISTOPHER:** A charter has been issued to the Rend Lake Bank. The state bank's total capitalization will be \$800,000. Officers are

### POSITION AVAILABLE

Immediate opening for executive officer of growth-oriented bank in Iowa Great Lakes Area. Send resume in confidence to Box ALG, c/o NORTHWESTERN BANKER, 306 15th St., Des Moines, Iowa 50309.

Arthur Love, president; James M. Izett, executive vice president and cashier; Steve Rowland and Warren E. Petty, vice presidents. Directors are Martin H. Buchanan, Valier; Burton R. Crocker, Sesser; Mr. Izett, Carterville; R. Burton Melvin, West Frankfort; Mr. Petty, Benton; Tony Bugaieski, Mr. Love, Mr. Rowland and Lewis Leavell Swink, all of Christopher.

## South Dakota News

**SIOUX FALLS:** Sunbank of South Dakota opened for business May 3 at 14th and Minnesota Sts. in a temporary bank modular facility. President of the newly-chartered bank is Gary Pittman, and cashier is Dan Tanner. Drive-in facilities are open from 7:30 a.m. to 7:30 p.m., with regular lobby hours.

## North Dakota News

**CROSBY:** Delton Olson has been named cashier of The Farmers State Bank replacing the late Frank Grim. Mr. Olson, formerly assistant cashier, joined the bank over two years ago.

**MOHALL:** The application of The Citizens State Bank at Mohall to increase its capital stock from \$100,000 to \$200,000 by stock dividend has been approved.

**UNDERWOOD:** First Security Bank's application to increase its capital stock from \$50,000 to \$100,000 by stock dividend has been approved.

**WESTHOPE:** The Peoples State Holding Company here has received permission to become a bank holding company through acquisition of Peoples State Bank.

# Don Carmody,



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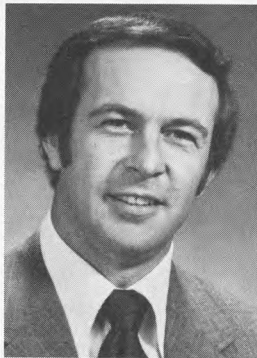
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Cedar Rapids, Iowa 52401 A BANKS OF IOWA BANK

WAHPETON: Dennis White has been promoted to loan officer of the First National Bank.

WAHPETON: David A. Lee has joined the Wahpeton National Bank as vice president in charge of commercial loans. He formerly was assistant vice president of Merchants National Bank and Trust Company of Fargo.

### South Dakota News

CANTON: Mike Broderick, former vice president, First National, Sioux City, has been elected president, First American Bank here. The bank was moved from Fairview and was formerly known as the Fairview State Bank. An office will continue there. FDIC approval on the move is anticipated soon.

MOBRIDGE: Bernie Quaschnick has joined the Citizens State Bank. He formerly was with the Farmers & Merchants Bank of Aberdeen.

RAPID CITY: Gaylord Raabe, manager of the operations department of the First National Bank of the Black Hills, has been elected vice president.

### Montana News

COLSTRIP: Security Bank's application for Federal deposit insurance has been approved. The bank's capital totals \$550,000.

### Colorado News

BASALT: Colorado Division of Banking reports that an application has been filed for the charter of the Bank of Basalt to be located at Midland Avenue and U. S. 82.

"PIECEMEAL APPROACH".....  
(Continued from Page 1)

Bank Board acted to let S&Ls become what FHLBB called "Full Service Family Financial Centers." Some of the powers the Board gave the thrift institutions it regulates include consumer loan privileges, automated remote cash dispensers and third party (essentially check-) powers.

Mr. Whyel pointed out that recent figures on the direct deposit of Social Security checks in Florida indicate that 50 per cent of these new deposits have gone to S&Ls -- a state where banks now outnumber S&Ls. "That's what's happening in Florida," he said, "the potential nationwide market is \$35 million a month."

If direct deposit services were offered for all federal payments, such as VA checks and government pensions, the potential share of the savings market banks could lose could climb by another \$8.5 billion.

Mr. Whyel also pointed out that major retailers were already building computer/communications networks capable of conducting

transactions across the country. This technology, he pointed out, could allow retailers to conduct many traditional bank services nationwide.

The common bond concept which allows credit union members to use the services of credit unions other than the one to which they belong is another example of unregulated expansion. Mr. Whyel said all such financial activities ought to be considered as a part of comprehensive regulation.

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