

# NORTHWESTERN Banker Newsletter

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October 6, 1975

## Outlook for Banking — 25 Years

John D. Chisholm, president of the Minnesota Bankers Association and president of the Marquette National Bank, Rochester, expressed his views on "The Outlook for Banking over the Next 25 Years" during the recent series of district meetings held in Minnesota. Mr. Chisholm is a former Commissioner of Banks in Minnesota. His comments follow:

"At my age, generalizing 25 years in the future carries with it little risk - but I am confident that there will be changes at an accelerated rate never before experienced. This will be frightening for many bankers, particularly for those presently attempting to 'stop the clock.' They don't realize there are exciting times ahead, with opportunities limited only to the extent of the imagination and the ingenuity of those then privileged to serve this profession.

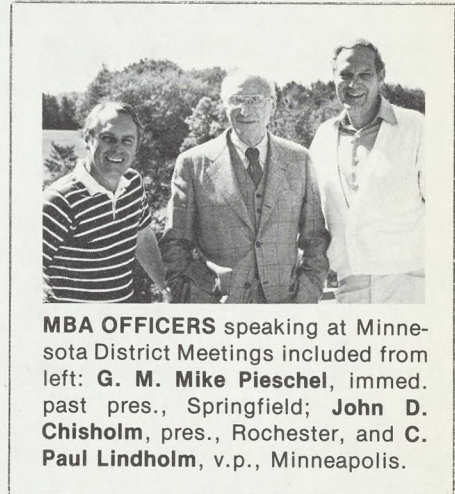
### Hunt Commission

"The recommendations of the Hunt Commission for all financial institutions will never formally be realized. The erosion of the powers of commercial banking will continue until the distinctions between financial institutions are obliterated. Savings banks in Connecticut, by January 1, 1976, will have substantially all of the powers that were written into the Hunt Commission

Report and the other financial institution acts, except corporate checking accounts. All surviving institutions will possess equal powers, but only a few 'giants' will have the capacity or choice to exercise all of them. Although competition will be intense, smaller, single unit institutions will survive. Success will be measured by their ability to better serve a local public - much in the nature of the relationship of the specialty store to the large department or discount store.

"By 1985 it will have been determined that the most expedient way to end the regulatory overlap and conflicting geographic limitations on financial activities is to eliminate the dual system of banking. The state's reluctance to provide equality of opportunity among financial institutions will have left the Federal government with no alternative, but to legislate the necessary equality.

"To 'fine tune' the economy and to provide for meaningful budget planning by the Federal government, all financial institutions, whether previously regulated or not, will be made a part of the Federal Reserve System. Reserve requirements will be determined by the nature of assets and liabilities held, rather than by the type of financial institution. In other



**MBA OFFICERS** speaking at Minnesota District Meetings included from left: **G. M. Mike Pieschel**, immed. past pres., Springfield; **John D. Chisholm**, pres., Rochester, and **C. Paul Lindholm**, v.p., Minneapolis.

words, computer based interchange networks will supersede bank structure.

### Less Checks

"By 1985, checks will have become an 'oddity' as the transfer of almost all funds, including point of sale purchases, will be done electronically. Coins and currency will be continued in use, but only to assist with small, personal transactions.

"The smaller banks will affiliate with an electronic system of their choice, depending upon the service demands of their particular locality. If this demand is of a 'rural' character, the system choice might be that sponsored by a 'giant'

**OUTLOOK FOR BANKING . . . .**  
[Turn to page 5, please]

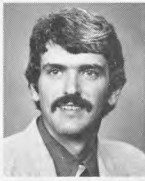
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### Iowa News

Iowa will be the subject of a two-hour special on "Today," NBC, Friday, October 10, from 7 to 9 a.m.

**ALGONA:** L. E. Linnan, one of the original founders and directors of the Iowa State Bank, died September 17 at Rochester, Minn. He served the bank for 48 years as a director and legal counsel and practiced law in Algona for 55 years.

**CEDAR RAPIDS:** Banks of Iowa Computer Services, Inc., a wholly owned subsidiary of Banks of Iowa, Inc., headquartered here, has announced a new system of point-of-sale terminals to serve banks and their customers in a pilot program beginning early in 1976. Under INSTANT-ACCESS, mini-computers will be on-line at each participating bank with leased wire connections to each of the remote store terminals in its area. The remote mini-computers are tied to B of I's IBM 370/158 at headquar-

ters here. The system will also link participating banks.

**CHARLES CITY:** Dale Hansen has joined the Citizens National Bank as assistant vice president and farm representative. He formerly was with the Farmers Home Administration, Charles City office.

**OELWEIN:** Staff changes at the Oelwein State Bank are: W. Palmer Wilson, chairman emeritus; Churchill T. Williams, chairman, and William P. Wilson, president.

**SIBLEY:** Arlen Kirkhart has joined the Sibley State Bank as assistant vice president. He formerly was assistant vice president of the Farmers Savings Bank of Shelby.

**SPENCER:** James R. Bullard, president of Clay County National Bank, has announced the election of John T. Wassenaar to the bank's board of directors and his promotion to cashier. John also serves as senior loan officer.



Dwayne Smith

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### Nebraska News

Group meetings of the Nebraska Bankers Association will begin next week. The first meetings are scheduled as follows:

Oct. 14—Group 5, Ramada Inn, Kearney.

Oct. 15—Group 4, Elks Club, Holdrege.

Oct. 16—Group 6, Elks Club, Scottsbluff.

**OMAHA:** John D. Woods of Dayton, Ohio, has been elected president and chief operating officer of the Omaha National Corporation and The Omaha National Bank. Mr. Woods, 45, was previously president and chief operating officer of the Winters National Bank of Dayton. Also announced is the election of Bruce G. Schwartz to the bank's board. Mr. Schwartz is vice president, operations, of the Northwestern Bell Telephone Company.

### Minnesota News

**ST. PAUL:** The Minnesota Bank-

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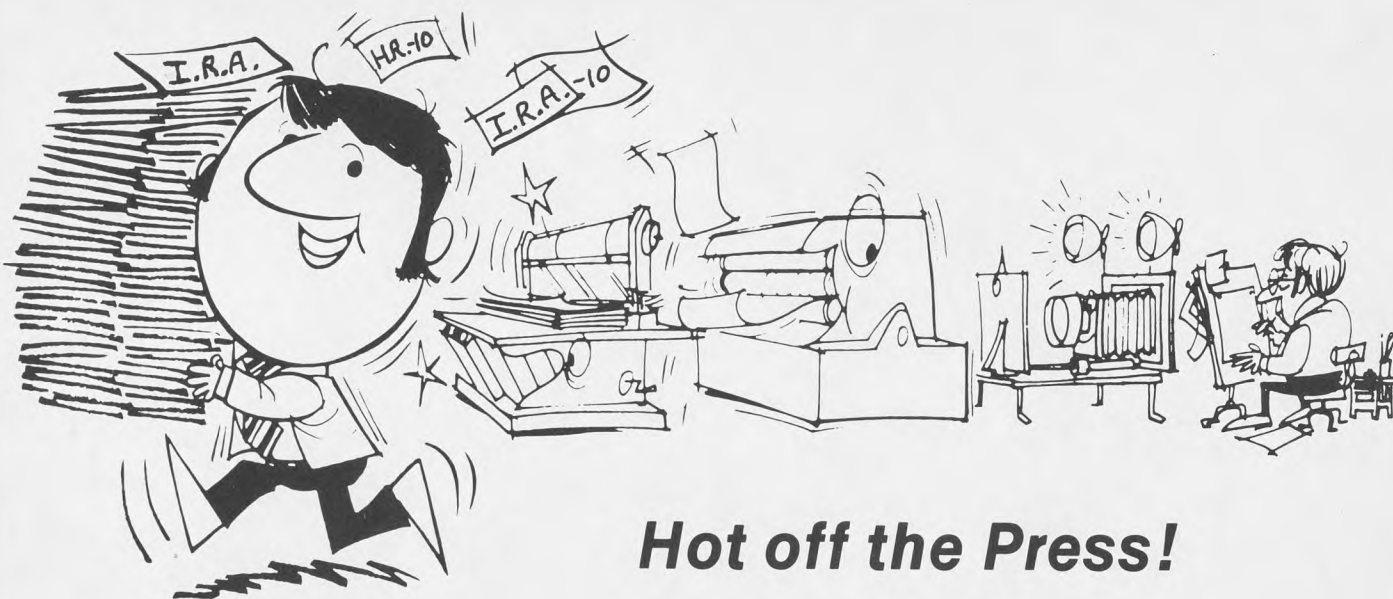
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ers Association will hold its 26th Junior Bank Officer and Staff Conference October 15-16 at the St. Paul Hilton Hotel. Registration begins at 3 p.m., Wednesday, Oct. 15. Topics of discussion include: legislation, banking education, supervisory techniques, bank security programs and loan administration.

SLAYTON: A charter has been issued to Peoples State Bank here. The bank recently opened for business with \$375,000 in capital, \$250,000 in surplus and \$125,000 in undivided profits. Officers are: Kenneth L. Onken, president; Jean Lyon Bader, vice president, and Jerome B. Wendorff, vice president and cashier.

### Illinois News

MURPHYSBORO: An application for a permit to organize the Jackson County State Bank here has been filed. The bank's total capitalization would be \$1 million.

WINNETKA: John O'Malley has been appointed vice president and trust officer of The First National Bank. He formerly was vice president, secretary and trust officer of The First National Bank of Highland Park.

### OUTLOOK FOR BANKING . . . . . [Continued from page 1]

primarily engaged in servicing that specialty. Financial information transmitted by the affiliate bank could be periodically monitored, advice supplied and advances

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committed, as required, to the smaller bank on a fee basis.

"As the distinction between commercial banking and other financial institutions diminishes, the number of institutions will necessarily be fewer. The trend will be larger 'speciality' units, evident by 1980, but not without a significant reduction in the number of units. Such a trend will accelerate and by 1985, I do not think it would be unreasonable to assume there would be 2,500 fewer banks and perhaps no more than 7,000 commercial bank charters in existence at the turn of the century.

### Equity Capital

"It is clearly evident they will have to raise equity capital if they are to continue to grow. The real problem is that only some banks will be able to do it. The strong banks will get stronger, and the others will go by the boards.

"Will any commercial bank engage in long term financing?"

"This will be at the election of the particular financial institution. If we are to assume a change in structure with equal powers to all participants, some may choose to continue in short-term commercial

lending and others may specialize in long term financing. If the reserve treatment is to be determined by the nature of the assets and liabilities held, these requirements might well be the determinants in the selection of investment. Some banks certainly will continue to furnish a considerable proportion of industry's intermediate term funds.

### Data Banks

"What single development do you see as most significant within the next decade? The development of data banks accessible directly from the computers at home terminals. All business transactions, personal and commercial, will be handled through these visual telephone terminals. In the continual fight for control of this vast data bank, the industry will have to compromise, accommodate and adjust to radical changes in structure and regulations. The alternative will be public ownership of the computer."

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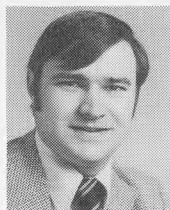
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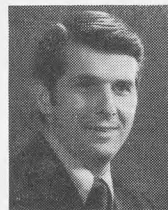


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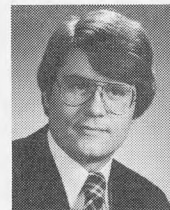
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