

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

January 12, 1976

EFT Stays in Court and Legislative News

Electronic Funds Transfer continues in the news in a series of lawsuits and with a number of state legislatures as they plan to convene their 1976 sessions. Here is a brief rundown on some of the court action, possible legislation and other activity:

Ill.—A District Court decision ruling remote terminals to be in violation of the state's anti-branching law is being appealed (see story in Illinois News this issue).

W. Va.—U. S. District Court Judge K. K. Hall has issued a temporary injunction in Charleston ordering the \$226.1 million deposit Kanawha Valley Bank, N.A., to temporarily shut down its CBCTs in two Kroger supermarkets. Hearing in the suit to determine if the terminals are branches in violation of state law will be March 10.

Okla.—The state Attorney General will appeal a December 22 ruling by U. S. District Court Judge Allen Barrow which upholds Comptroller of the Currency James Smith's contention that off-premise EFT terminals are not branches. Out of five District Court suits this is the only one upholding the Comptroller.

Minn.—The Minnesota Bankers Association plans to introduce an EFT bill in the state legislature similar to the one passed last year,

but vetoed by the Governor. The new bill again would authorize both point-of-sale and automatic teller machines, but also includes language protecting consumers. This includes privacy of information and protection from liability for such things as lost or stolen cards.

So. Dak.—The South Dakota Bankers Association plans to introduce a bill enabling all banks in the state to operate electronic terminals. It will stipulate that remote terminals are not branches.

No. Dak.—Only one bank, Merchants National Bank of Fargo, is taking advantage of the EFT bill passed in the 1975 legislature. Merchants National is operating two EFT units in Fargo shopping centers. Banking Commissioner Gordon Ellwein reports the state banking board will conduct a public hearing Jan. 30 so interested parties may express opinions on proposed EFT regulations the board will issue.

Nebr.—Under the law passed by the 1975 legislature, state banks were authorized to begin offering EFT remote services Jan. 1, 1976. State Banking Director William Riley said on Jan. 7 that no state banks had yet filed with his office a request to become EFT users.

EFT NEWS

[Turn to page 5, please]

Your Help Is Needed!

As part of our continuing effort to provide readers with current reports on Electronic Funds Transfer developments, particularly banker thinking on the subject, the NORTHWESTERN BANKER is conducting another survey on EFT through a special questionnaire contained in this issue of your *Weekly Newsletter*.

We ask that just one officer respond on behalf of each bank and urge that replies be sent to us as soon as possible. The survey results will be published in the February NORTHWESTERN BANKER.

Three points:

1. Please be sure to answer questions on both the front and back sides of the questionnaire page.

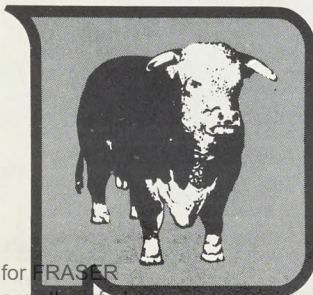
2. Although you need not sign your name, please be sure to supply the name of your state and total deposits of your bank, in the spaces provided for this.

3. Your comments on any phase of EFT are welcome. The length of the questionnaire precludes adequate space for comments, so you are invited to write on a separate page whatever comments you wish to make and return that page with your questionnaire to the NORTHWESTERN BANKER.

Thank you for your prompt cooperation.

--The Editor

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Iowa News

ANKENY: Richard A. Erickson, assistant vice president, Midland National Bank of Minneapolis, will be the main speaker at the Central Iowa Chapter of the Bank Administration Institute meeting on January 15. The meeting will be held at The Inn and social hour begins at 5:30. Mr. Erickson will deal with changing trends in consumer relations and modern methods for staff motivation.

DES MOINES: Bankers Trust Company has announced it will install electronic bank tellers in four Dahl's food stores early this year. The stores will be at 4343 Merle Hay Road, 3425 Ingersoll Ave., 4121 Fleur Drive and Thirteenth and Euclid Avenue.

DES MOINES: National Bank of

Des Moines has received permission to establish a new downtown office at Sixth and Walnut.

DES MOINES: Will Smith has been elected vice president of personnel of the Iowa-Des Moines National Bank. He formerly was senior personnel officer.

MELBOURNE: A. L. Mosebach, president, and R. N. Mosebach, vice president, Melbourne Savings Bank, have announced the sale of their ownership control of the bank. The interest has been sold to a group of investors headed by James L. Rhodes, Traer. It is expected that Mr. Rhodes will succeed A. L. Mosebach as president. Mr. Mosebach will remain a consultant. R. N. Mosebach will become executive vice president. Mr. Rhodes also will succeed A. L. Mosebach as a director of the bank. No other changes are anticipated.

NEWTON: Donald R. Runger, president of the Jasper County

Savings Bank, has announced the following promotions: Larry Hutchinson, vice president and cashier; Roger Ahrenholz, assistant cashier and accounting officer; Marjorie Wolfe, administration officer; June Brewer, customer service officer, and Pat McCracken, loan service officer.

Nebraska News

GOTHENBURG: Merlyn L. Meyer has been appointed vice president of the First State Bank. He formerly was with the First National Bank of Syracuse.

LINCOLN: At their meeting Jan. 7, the Nebraska Bankers Association executive council voted to oppose bills before the current session of the legislature that would permit branching within the City of Omaha (LB398) and limited bank holding companies statewide (LB399). Bob Burkley, president of the NBA and chairman and president of First National, Fairbury, said the council voted against the proposal by the Modern Banking Association for neutrality on such bills. The MBA has been formed by Omaha National, U. S. National of Omaha and National Bank of Commerce of Lincoln, with 41 other members, to remove branching and holding company restrictions from Nebraska law. Mr. Burkley said a vast majority of the NBA, which includes all 449

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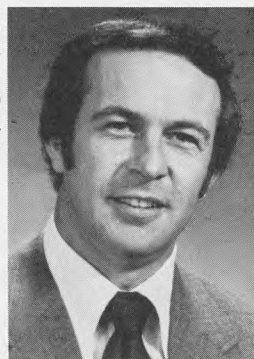
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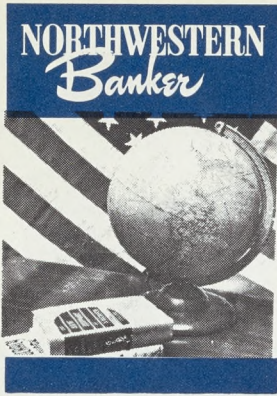
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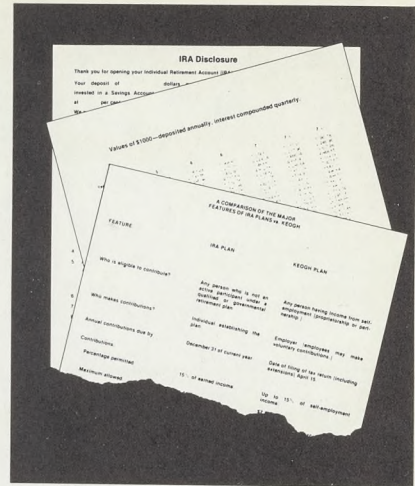
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January 12, 1976

Survey: "What Bankers Think About Electronic Funds Transfer Systems (EFTS)"

[Please check appropriate answer.]

1. Do you believe the public will be better served by EFTS?
2. Are you making plans to make EFTS available to your customers?
3. Which, if any, of the following EFT terminals do you favor?
 - a. Courtesy counter locations?
 - b. Check-out counter locations (POS)?
 - c. Remote (unmanned) automatic teller machines (ATMs)?
4. Do you favor allowing banks located in border counties in your state to establish EFT terminals in neighboring states?
5. Do you favor allowing out-of-state banks located in counties bordering your state to establish EFT terminals in your state?
6. Do you favor allowing banks in your state to establish EFT terminals anywhere outside your state?
7. Do you favor allowing any out-of-state bank to establish EFT terminals in your state?
8. Do you favor allowing a bank in your state to share its EFT terminals on a reciprocal basis with out-of-state banks?
9. Which, if any, of the following do you favor for your state?

Courtesy	a. No geographic limitation with respect to location?
Counter	b. Limited geographically to locations within the same city or metropolitan complex in which the bank is located?
Terminals	c. Limited geographically to contiguous counties and cornering counties?
10. Which, if any, of the following do you favor for your state?

Check-Out	a. No geographic limitation with respect to location?
Counter	b. Limited geographically to locations within the same city or metropolitan complex in which the bank is located?
Terminals [POS]	c. Limited geographically to contiguous counties and cornering counties?
11. Which, if any, of the following do you favor for your state?

Remote	a. No geographic limitation with respect to location?
Automatic	b. Limited geographically to locations within the same city or metropolitan complex in which the bank is located?
Teller Machines [Unmanned ATMs]	c. Limited geographically to contiguous counties and cornering counties?

Yes	No	Undecided

(See Back of Page)

12. Based upon your answer to question number 9, complete column A, B, or C at the right for each item in corresponding column at left.

Do you favor allowing the following functions to be performed at courtesy counter terminals:

- (a) Withdrawals from checking? a.
- (b) Withdrawals from savings? b.
- (c) Transfers from checking to savings? c.
- (d) Transfers from savings to checking? d.
- (e) Deposits to checking? e.
- (f) Deposits to savings? f.
- (g) Overdraft checking? g.
- (h) Payments to loans? h.
- (i) Other: i.

A No Geographic Limitation			B Limited Geographically to locations within the same city			C Limited Geographically to Contiguous and cornering counties		
Yes	No	Undecided	Yes	No	Undecided	Yes	No	Undecided

13. Based upon your answer to question number 10, complete column A, B, or C at right for each item in corresponding column at left.

Do you favor allowing the following functions to be performed at check-out counter terminals (POS):

- (a) Withdrawals from checking? a.
- (b) Withdrawals from savings? b.
- (c) Transfers from checking to savings? c.
- (d) Transfers from savings to checking? d.
- (e) Deposits to checking? e.
- (f) Deposits to savings? f.
- (g) Overdraft checking? g.
- (h) Payments to loans? h.
- (i) Other: i.

14. Based upon your answer to question number 11, complete column A, B, or C at right for each item in corresponding column at left.

Do you favor allowing the following functions to be performed at remote automatic (unmanned) teller machines:

- (a) Withdrawals from checking? a.
- (b) Withdrawals from savings? b.
- (c) Transfers from checking to savings? c.
- (d) Transfers from savings to checking? d.
- (e) Deposits to checking? e.
- (f) Deposits to savings? f.
- (g) Overdraft checking? g.
- (h) Payments to loans? h.
- (i) Other: i.

15. Do you think banks should be authorized to operate an unlimited number of any of the above three terminals, or should the number be limited? Please check: Unlimited _____ Limited _____. If you checked "Limited," how many terminals of the three types should banks be authorized to operate (please complete):

Courtesy Counter _____ Check-Out Counter (POS) _____ Automatic Tellers _____

If you have any comments you wish to share with our readers concerning any aspect of EFT, please feel free to write them on a separate page and return with this questionnaire to: THE NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309. You need not sign your name but we ask that you complete the following:

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Minnesota News

CROOKSTON: First National Bank has announced the promotion of John T. Wosepka to vice president. He will continue to serve as cashier.

HALSTAD: Mary Trandem has been named cashier of the Red River State Bank.

INTERNATIONAL FALLS: Keith Goulet has been promoted to vice president and cashier of the International State Bank. Marlys Raboin has been elected assistant cashier.

Illinois News

CHICAGO: Continental Bank and First National Bank are appealing the decision by Federal District Court Judge Hubert L. Will that bars use of off-premise EFT machines for any banking function except withdrawal of funds. In the meantime, both banks are moving immediately to expand their check authorization and withdrawal systems through POS terminals to area banks, S&Ls and retailers. Continental has terminals in 63 Dominick's Finer Foods Stores and plans to be in 137 National supermarkets at an early date. First National also is sharing its system with area banks and S&Ls and will initiate its pilot program in 12 Jewel Food Stores January 19.

CHICAGO: Charles J. Csar has been appointed vice president and Dean A. Dranias marketing director at Commercial National Bank.

GLENVIEW: Edward C. Gueroult, Jr., has been appointed



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cashier and secretary of the Glenview State Bank. He formerly served as assistant vice president, administration.

WAVERLY: Wemple State Bank has been issued a state bank trust certificate of authority. Maurice L. Quinn has been named trust officer and Joseph L. Fitzpatrick, assistant trust officer.

WHEATON: Bill Davis has been named senior vice president of Wheaton National Bank. He formerly was head of the correspondent bank division of American National Bank and Trust Co., Chicago.

North Dakota News

FARGO: Union State Bank's application to increase its capital stock from \$250,000 to \$350,000 by cash subscription has been approved.

PETERSBURG: Citizens State Bank has increased its capital stock from \$50,000 to \$100,000 by stock dividend.

EFT NEWS ...

[Continue from page 1]

Three national banks in Omaha commenced EFT operations last year, since they were permitted

under national banking law to do so if state banks are granted the right to engage in EFT. Two Lincoln national banks have issued cards and plan to start remote EFT operations soon.

Colo.—A 3-month study by a Colorado Bankers Association Task Force, composed of members from large banks, independent bankers, other CBA members and public members, presented a proposed EFT bill to the Governor for the upcoming legislative session. Only bills "on call" by the Governor will be considered. Last week, his calendar of bills did not include any banking bills, but he has further time to include one, if he so desires. The Task Force bill allows separate systems but mandatory sharing, unlimited number of terminals statewide, and 30 days notice to the state bank commissioner.

Iowa—A status report on EFT operations now underway was published in last week's issue.

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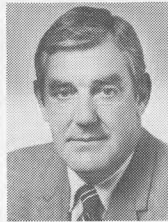
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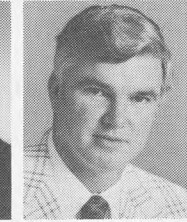
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