

NORTHWESTERN Banker Newsletter

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July 5, 1976

"Bankers Should Listen to Customers"

The president of the American Bankers Association has urged his fellow bankers to listen to their customers and provide those services that they want and need.

J. Rex Duwe, who is also president and chairman of The Farmers State Bank, Lucas, Kan., said, "The age of consumerism is upon us, and it is here to stay."

Delivering the keynote address to the ABA's National Operations and Automation Conference, Mr. Duwe said, "Fortunately the record shows that we have been concerned about the bank customer, but in the future our concern and commitment will have to be even greater."

After citing several recent examples in which banking took consumer-oriented stands, including fighting indiscriminate government access to bank records, the ABA president addressed "challenges that lie ahead."

1. Consumers want to know how interest on their savings is computed. This can be explained in a manner "understandable to the average consumer."

2. Consumers want a convenient, safe and inexpensive means of transferring funds — a desire gradually being fulfilled by growing electronic funds transfer systems.

3. Consumers also want to help decide which EFT services will be

offered them, and how.

4. Consumers want more affordable homes — the price of which banks have little control over. Mortgage money can, however, be made easier to obtain with alternatives to the standard, amortized mortgage such as graduated payment and variable rate mortgages.

"We literally cannot afford to disregard the fact that we use the consumer's money," Mr. Duwe said. "We cannot afford to forget that our retail customers are the basis for our business."

"We must listen to our customers, even when they have not pinpointed their needs clearly," he added. "We must listen to the substance of what they are saying."

"Only in that way can we continue to serve fully our customers, our banks, our communities and the nation."

Student Loan Program May 'Pass' Says Banker

A national banking industry spokesman said recently that the oft-failing guaranteed student loan program may earn passing grades after all.

Roger A. Lyon, treasurer of the American Bankers Association,

told the Oregon Bankers Association that a seven-point program recommended by the ABA is being considered in Congress.

Since the student loan program began in 1965, banks have made more than 70 per cent of the approximately \$8 billion in loans. Defaults, running as high as 25 per cent in the federally guaranteed plan, and protracted reimbursements, however, have plagued the program.

Mr. Lyon, who also is president of Valley National Bank, Phoenix, said that the banking industry "examined the causes of the student loan problem, and found that students 'ripping off' the system were in the minority."

"The real causes of the high default," he stated, "included vocational schools that had taken students' money and then failed to prepare them adequately for jobs so that they could repay their loans. Moreover, the state of the economy and the nine per cent unemployment rate meant that many former students were having a difficult time getting jobs. There also were a host of red tape and paperwork problems that curbed the program's effectiveness."

Bill To Cure Ills

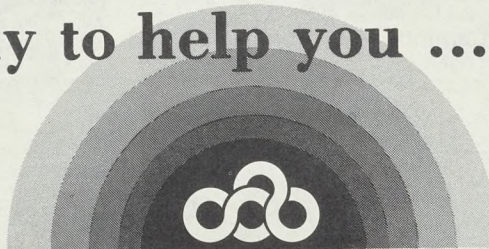
Currently, the House Education and Labor Committee has unani-

[Turn to page 3, please]

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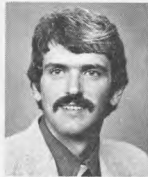
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Tom Horn To New Mexico

Tom Horn, recently retired executive vice president of Security National Bank, Sioux City, has been elected vice chairman of Security Bank & Trust in Alamo-gordo, New Mexico.

Iowa News

DAVENPORT: Carolyn Dannatt has been appointed operations officer of the First National Bank of Davenport.

DES MOINES: The Iowa Bankers Association has filed a request with the Iowa Banking Department to disallow credit union share drafts. IBA feels that there is nothing in the Iowa law to allow them.

DES MOINES: Governor Robert Ray has signed the Iowa EFT bill authorizing financial institutions to

operate electronic facilities in remote locations.

DES MOINES: Beginning July 12 the Iowa Bankers Association, along with people from Richard H. Gerdes Advertising, will be holding a series of meetings to present the IBA advertising kit to Public Relations Fund participating bankers. It is the first effort of its kind made by any state bankers association. All meetings will run from 9 a.m. until 11 a.m. at the following locations, according to Lark Billick, IBA public relations director.

July 12— Ramada Inn, Council Bluffs.

July 13—Harbor House, Storm Lake.

July 19—Holiday Inn, Bettendorf.

July 20—Roosevelt Royale, Cedar Rapids.

July 22—Downtown Holiday Inn, Des Moines.

July 26—Holiday Lodge, Clear Lake.

July 27—Holiday Inn, Ottumwa.

DUBUQUE: Kenneth Erickson has

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been named branch manager and instalment loan officer of the Dubuque Bank & Trust Co. He manages the Key West office.

POLK CITY: Jim Crees has been promoted to assistant vice president and auditor of the Polk City Savings Bank.

SCRANTON: Security Savings Bank announced the promotions of Kim Bates to assistant vice president and Deanna Slocum to assistant cashier.

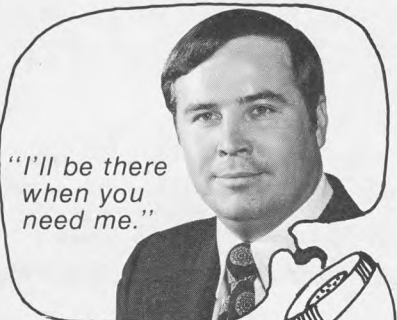
MUSCATINE: Michael J. Fogle has been elected assistant vice president and farm department manager of the First National Bank. Mr. Fogle has been with Production Credit Association for four years, the last three years in Maquoketa.

Nebraska News

LINCOLN: Three senior vice presidents have been elected executive vice presidents of First National Lincoln. They are Robert D. Northrop, head of the trust and investment division; David L. Patrick, director of the lending divisions, and Dale L. Young, cashier and director of customer services, administrative services and Lincoln Tour and Travel divisions.

STANTON: Richard A. Pease has joined the First National Bank as assistant cashier. He comes to the bank from Hastings where he was assistant engineer with Ag-Tronic, Inc.

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Illinois News

CHICAGO: The city council will vote this Thursday, July 8, on Mayor Daley's proposed ordinance to permit banks to open community offices & operate banking machines in Chicago. The ordinance would allow banks to open a maximum of six community offices in the city for soliciting loans and providing information and would authorize installation of an unlimited number of automatic teller machines to perform a wide range of banking services. There would be no filing requirements.

The ordinance seems certain to pass under the home rule provisions in Illinois. State law prohibits offices and operation of ATMs. The Illinois Bankers Association may file suit contesting the ordinance if it passes.

CHICAGO: Donald C. Miller has been elected a vice chairman and director of Continental Illinois Corporation and its principal subsidiary, Continental Bank. Mr. Miller's election follows his recent promotion to the corporate office joining chairman Roger Anderson and president John Perkins in the senior management group. Mr. Miller, who previously was an executive vice president, will continue to serve as the corporation financial officer and treasurer.

Minnesota News

ROSEVILLE: Keith R. Richards has been elected president, Mid American National Bank, succeeding Bernhard "Ben" Lowen, who resigned to take on another career.

ST. CLOUD: Zapp National Bank installed an automated teller machine in the Crossroads Shopping Center on June 18, and it is operating 24 hours each day. The machine raises the question of whether a remote electronic terminal, usable by customers, is a branch bank, and the bank has received a call from the attorney generals' office asking for further information on the ATM. The \$45.9 million bank, headed by Edward A. Zapp, president, contends that the Federal Reserve Bank of St. Louis

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ATM is not a branch, but merely a communications terminal for customers. A bill passed by the 1976 legislature would have allowed electronic banking machines in Minnesota, but the bill was vetoed by the Governor.

Montana News

Phil A. Yates, president of the Citizens Bank of Montana, Havre, was elected president of the Montana Bankers Association at the group's recent annual meeting. W. R. (Bill) Tait, president, First National Bank, Butte, was elected president-elect and Paul Caruso, president, First Security Bank, Helena, was elected vice president and treasurer. Al F. Winegardner, president, First National Bank & Trust of Billings, is the immediate past president. A complete convention report will appear in an upcoming issue of the Northwestern Banker.

bill designed to cure the program's ills and encourage lender participation. The legislation would extend the federally insured program for four years. Similar legislation is part of a broader bill in the Senate.

Under the present loan program, undergraduate students can borrow up to \$7,500 for four years of schooling and graduate students a total of \$15,000. The ABA successfully opposed provisions which would have lowered student loan totals.

Repayments usually begin nine months after graduation and continue over a five-year period. The ABA also has supported a recommendation of the National Student Lobby that would defer loan payments due to hardship.

Several amendments in the House delineate just who would be eligible for guaranteed student loans. One would require a student

[Continued from page 1]

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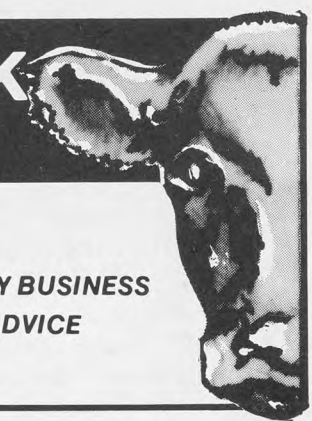
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to provide written evidence that he or she had made at least one attempt to obtain loan financing from a private lender before becoming eligible for a school loan or a school-related bank loan.

Another amendment under study would define a qualifying student as coming from a family with an adjusted income of not more than \$20,000 for the first year of college and \$25,000 each succeeding year.

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