

# NORTHWESTERN Banker Newsletter

Vol. 5 No. 33

Des Moines, Iowa

December 13, 1976

## Urges Large Correspondent Banks

### Support Federal EFT Law for Equality

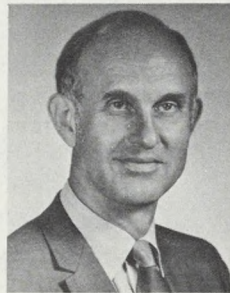
Officials of the ABA Correspondent Bank Division invited a community banker to their recent Correspondent Banking Conference in Dallas to share his views and those of other community bankers on EFTS. The guest speaker was William G. Kirchner, chairman of the Richfield Bank & Trust Co., Richfield, Minn., who is a former official with the Independent Bankers Association of America.

Mr. Kirchner told the audience he would speak as an ombudsman "to convey the critical concern" of some community bankers even though he may have a little different personal view.

"The small bank," he said, "is aware of its limited capital compared to the large institution. Even now, many or most, small banks are being pressed to increase capital funds by supervisory agencies." With this capital pressure the smaller banks feel they cannot provide adequate funds to install a series of ATMs or even a POS, he said, while heavily capitalized large banks have this opportunity.

Smaller bankers also fear a deterioration of their traditional "personal friendly relationship" with customers, Mr. Kirchner

stated. "Worst of all," he noted, "the customer may use his plastic card to buy daily groceries, a new suit, his gasoline, or what have you



W. G. KIRCHNER

and, at the same time, earn interest until payment is made. This transaction would be much like using a credit card, but he is also able to make a deposit or withdraw cash in his bank account. The attractiveness of such a convenience has not really been proved."

Mr. Kirchner added, "the small banker fears...the customer will find more reason to do his business at the ATM on the corner." Although large banking institutions proclaim competition will take care of the problem, he said, there is a saying which seems appropriate, "Every man for himself, said the elephant, as he dances among the chickens."

Large banks say the situation isn't really changing much, he stated, that teller transactions are just being accomplished electronically. "There is some truth to this," Mr. Kirchner acknowledged. "However, every customer of the small bank can be given an inexpensive check book. He can carry it with him and write checks anywhere."

Mr. Kirchner said large banks need to obtain volume on their expensive equipment and want smaller bank participation "but the small bank still recognizes that the large bank didn't name the terms by which the unit could be used." After a while, he said, large banks could say, "We do not want them on our system anymore. We will just use it ourselves." The larger banks have the advantage of numbers in setting fees, while smaller banks would price themselves out in setting appropriate fees to offset the machinery costs, he said.

While this difference continues between large and small banks, Mr. Kirchner noted, "the savings and loans and credit unions are breathing their hot breath down the neck of all commercial banks in pursuit of checking accounts and customers, as well as highly volatile savings accounts." These

**EFT LAW** .....  
[Turn to page 5, please]

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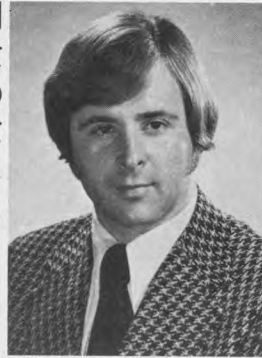
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Asst. Vice President

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### Leaves Fed Bank To Head Brookings Institution

Bruce MacLaury, president of the Federal Reserve Bank of Minneapolis, has been elected president of The Brookings Institution in Washington. He will take up his new responsibilities February 1, 1977, following five and a half years at the Minneapolis Reserve Bank.

### Iowa News

The Iowa Bankers Association will present 12 Staff Training Seminars during January and February. Following are the locations and dates:

Jan. 17, Holiday Inn, Burlington.

Jan. 18, Holiday Inn, Bettendorf.

Jan. 19, Julien Inn, Dubuque.

Jan. 20, Kirkwood Community College, Cedar Rapids.

Jan. 24, Ramada Inn, Council Bluffs.

Jan. 25, Hyatt House, Des Moines.

Jan. 26, Ramada Inn, Waterloo.

Jan. 27, Indian Hills Community College, Ottumwa.

Feb. 7, Iowa Lakes Community College, Emmetsburg.

Feb. 8, Holiday Lodge, Clear Lake.

Feb. 9, Starlite Village Motel, Fort Dodge.

Feb. 10, K D Stockyard Station, Sioux City.

**BELLE PLAINE:** Citizens State Bank recently opened its new motor bank at the intersection of Eighth Avenue and Thirteenth Street.

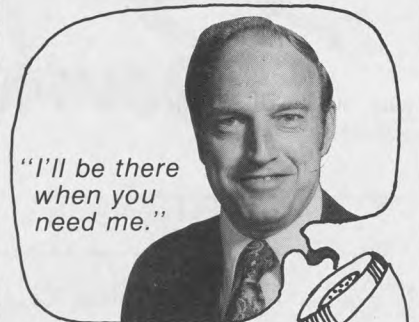
**CEDAR FALLS:** First National Bank has announced the following promotions: Marvin C. Morgan, George Brubaker and Dennis Bergeson to vice presidents, and Craig S. Venter to assistant vice president.

**CRESCO:** Gary A. Kelm has joined the Cresco Union Savings Bank as consumer loan representative. He formerly was assistant manager and loan officer with ITT Thorp Financial Services in Albert Lea, Minn., and most recently in Decorah.

**DES MOINES:** The State Department of Banking has changed its phone number to 515/281-4014.

**FORT MADISON:** Robert G. Oatley has left the Fort Madison Bank & Trust Co., where he had been vice

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president and cashier for the past five years. He has assumed the presidency of Mercantile Bank of Macon, Mo.

**LAURENS:** D. C. (Don) Miller has announced his retirement on January 1, 1977, as executive vice president of the Laurens State Bank after 41 years of service. He will be succeeded by Richard L. DeYoung, vice president of the Iowa State Savings Bank in Creston.

**LeCLAIRE:** Steve Suiter has been named assistant cashier for LeClaire State Bank and the Farmers Savings Bank, Princeton. He formerly was a bank examiner for the state. He also has been associated with Davenport Bank and Trust Co.

**MASON CITY:** First National Bank has announced the election of

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**NEW ISSUE**

**MOODY'S: "A"**

**\$2,750,000**

## **MONTICELLO INDEPENDENT SCHOOL DISTRICT No. 882, MINNESOTA**

General Obligation School Building Bonds

Dated: December 16, 1976

Denomination: \$5,000

Both principal and semiannual interest (February 1 and August 1, first coupon due August 1, 1977) payable at the American National Bank, St. Paul, Minnesota.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES.

### MATURITIES

<u>3.75%</u>		<u>4.90%</u>	
\$ 25,000 February 1, 1980	3.75	\$200,000 February 1, 1988	4.90
<u>4.00%</u>		<u>5.00%</u>	
50,000 February 1, 1981	4.00	225,000 February 1, 1989	5.00
<u>4.10%</u>		<u>5.10%</u>	
75,000 February 1, 1982	4.10	225,000 February 1, 1990*	5.10
<u>4.25%</u>		<u>5.20%</u>	
100,000 February 1, 1983	4.25	250,000 February 1, 1991*	5.20
<u>4.40%</u>		<u>5.30%</u>	
125,000 February 1, 1984	4.40	250,000 February 1, 1992*	5.30
<u>4.50%</u>		<u>5.40%</u>	
150,000 February 1, 1985	4.50	250,000 February 1, 1993*	5.40
<u>4.60%</u>		<u>5.50%</u>	
150,000 February 1, 1986	4.60	250,000 February 1, 1994*	5.50
<u>4.75%</u>		250,000 February 1, 1995*	5.50
175,000 February 1, 1987	4.75		

\*Optional in inverse order beginning February 1, 1989 at 100%.

LEGALITY TO BE APPROVED BY DORSEY, WINDHORST, HANNAFORD, WHITNEY AND HALLADAY, ATTORNEYS, ST. PAUL, MINNESOTA.

Monticello Independent School District No. 882 is located in Wright and Sherburne Counties about 35 miles northwest of Minneapolis. The District and surrounding area is served by Interstate 94 which connects the Twin Cities with Fargo-Moorhead. Transportation is also provided by two U.S. highways, one State highway, five trucking firms, the Burlington-Northern Railway, Greyhound Bus Lines and the Monticello Airport. The District's economic worth has changed from a primarily agricultural base to one including highly valued industrial property. The greatest impact on the District's valuation has been the NSP Atomic Power Plant which went into operation June 30, 1971. The plant, run 100% of its capacity the majority of time, is one of the largest producers in NSP's system. Present employment at the plant is 105 with an annual payroll of about \$2,000,000. The District's agricultural base is supported by the raising of livestock and poultry. Major crops are corn, oats, soybeans, wheat and hay. Banking services are provided by the Wright County State Bank in Monticello which reported deposits of \$14,490,000 in 1975.

These bonds were authorized at a special election held October 19, 1976, by a vote of 1,578 "Yes" to 1,174 "No". The proceeds will be used to construct a new elementary school. In the opinion of counsel these bonds are legal and binding general obligations of Monticello Independent School District #882, Minnesota, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on the bonds without limit as to rate or amount.

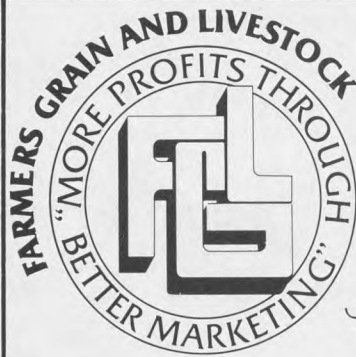
### FINANCIAL STATEMENT

Market value of taxable property, 1975-76	\$178,616,174
Assessed value of taxable property, 1975-76	50,066,564
Net direct debt, including this issue	6,540,892
Total net direct, overlapping and underlying debt	9,572,667
Population, 1976 estimate: 6,700	
Net direct debt per capita:	\$ 976.25
Total debt per capita:	1,428.75

Tax collections have approximated 99.8% of taxes levied for the past four years.

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Janelle Patrick as assistant operations officer.

**MORNINGSIDE:** Dale L. Hilton recently was named president of the Morningside State Bank. Pat Cook was appointed vice president, operations officer and cashier. Mr. Cook formerly was vice president and cashier of the First National Bank in Hutchinson, Kan. Mr. Hilton succeeds Robert MacReynolds who resigned. Harold E. Bruce, vice president, also resigned.

### Nebraska News

**BEATRICE:** The Beatrice State Bank has opened a trust department and has changed its name to Beatrice State Bank & Trust Company. Vernon R. Mulig, with the bank for two years, has been appointed trust officer. He has over 40 years of experience in the field.

**LINCOLN:** James Robbins has been named assistant vice president of Citizens State Bank. He has served as president of the Lincoln Consumer Credit Association.

**OMAHA:** Gene L. Burgen has submitted his resignation, effective February 1, as senior vice president and cashier of the United States National Bank.

**OMAHA:** Robert J. Thilgen has been named a vice president of the Ames Bank. With the bank for six years and formerly assistant cashier, he is manager of the instalment loan department. The bank also announced the appointments of Steven L. Davis as assistant cashier and Neil R. Barna as operations officer.

**TEKAMAH:** Wayne M. Thorn-dyke has resigned as president of

the First National Bank. Herman J. Wragge, chairman, will also be president of the bank. Val R. Beavers, president of First National Bank in Stanton, has joined the First National of Tekamah as vice president and will continue as president at Stanton. Lee L. Loerch, 71, senior vice president and cashier at Tekamah, is retiring Dec. 31 after more than 51 years of banking, 48 of them with First National Bank.

**YORK:** Marion C. Bonham has resigned as president and chief executive officer of First National Bank here. Mr. Bonham's stock in the bank has been purchased by Robert V. Jones, chairman, and C. G. Kelly Holthus, executive vice president and cashier.

### Minnesota News

**ALEXANDRIA:** First National Bank has elected Anthony C. Schneiderhan president and chief executive officer and Lester H. Gaugert chairman. Mr. Schneiderhan most recently was president and chief executive officer of the First National Bank of Sauk Centre. Mr. Gaugert has been with the bank as president since 1963.

**BROOKLYN CENTER:** Brooklyn Center State Bank has changed its name to Brookdale State Bank.

**CANNON FALLS:** Paul H. Bringgold, president of First National Bank, has announced the addition of Dale Eikmeier to the staff as loan officer. A graduate of South Dakota State U. in Brookings with an ag-economics degree, Mr. Eikmeier has just completed three years of study at Winona State where he earned his MS in Business. He has 18 years of banking experience at 1st National Bank in Pipestone and at Town and Country State Bank in Winona.

**PAYNESVILLE:** Mark Braatus has joined the First State Bank here. He is a graduate of the University of Minnesota in Minneapolis and has worked for Associates' Industrial Loan Company.

**ROCHESTER:** Richard E. Grobe recently was named assistant vice president and instalment loan officer of The Rochester Bank & Trust Co. Most recently he was cashier of the First State Bank of Medford.

**SOUTH ST. PAUL:** Faye Rodgers has been promoted to mortgage loan officer of the Northwestern National Bank here.

**VIRGINIA:** Michael Mavetz has joined the First National Bank as instalment loan adjuster in the timepay department. He formerly

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was with ITT Thorp as a loan officer.

### Illinois News

The following Illinois banks have received permission to establish facilities: Bank of Belleville, at 1300 North Belt West, Swansea; Sheridan Bank of Peoria, at the Metro Centre Shopping Center, 4700 North University Avenue, Peoria; First State Bank of Round Lake, at 119 Rollins Road, Round Lake; New Hope State Bank, at 4200 Xylon Avenue North, New Hope; Farmers and Merchants Bank of Highland, at Route 143 NE, Highland; Bank of Rolling Meadows, at 1007 West Euclid Avenue, Arlington Heights; Commercial National Bank of Peoria, at Knoxville and McClure, Peoria, and The First National Bank of Peoria, at 2605-09 North Knoxville Avenue, Peoria.

**CLINTON:** John Killian, vice president and trust officer of the First National Bank here, recently purchased the bank.

**SAVANNA:** Dave Sterns has joined the Savanna State Bank as executive vice president. He formerly was cashier of the State Bank of Freeport.

### North Dakota News

**BISMARCK:** Richard Hurdelbrink recently was named vice president and agricultural representative of the State Bank of Burleigh County. He formerly held the same position at the First National Bank in Bowbells.

**FARGO:** John Smylie has been appointed auditor of the Fargo National Bank and Trust Company. He has been employed by the Federal Deposit Insurance Corporation in the Minneapolis region since 1969 as a member of the division of bank supervision.

### Wyoming News

**DOUGLAS:** Wyoming Bancorporation's application for a charter for a third bank here has been rejected by State Examiner Dwight Bonham.

**JEFFREY CITY:** An application for the Jeffrey City State Bank has been approved. The bank will be the first ever in the Fremont County mining community. The application was filed by David Hooper, Ross Collie, B. T. McManus, Robert Hayes and Thomas Graham of Lander; Floyd Harnagel of Casper, and Bobby Clark of Thermopolis. The bank will have an initial capital of \$450,000.

**TORRINGTON:** An application for a bank to be known as the First Wyoming Bank of Torrington has been filed. The applicants are Arthur R. Abbey, Sol W. Bernstein, E. John Siedrich, K. L. McShane, MD., and Robert T. Noel.

### EFT LAW . . . . . [Continued from page 1]

competing firms are unrestricted in their branching movements, he pointed out.

To protect dual banking with equality, "Federal law must pro-

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vide in the future for each state to set up statutes in regard to control of electronic fund banking...If there is no Federal restriction to control National banks, there would be no way a state could direct the large bank to share terminals with the small bank.

"It is mandatory, if we are to continue to have a dual banking system," Mr. Kirchner emphasized, "with any semblance of equality between commercial banks—not to mention equality between the financial institutions—that Congress immediately take steps to equalize the competitive picture. State legislatures cannot clear this issue alone because the Federal government, through the McFadden Act and other statutes, has already taken on part of the responsibility. A withdrawal of the McFadden controls by the Federal government would allow the national bank to open units without any restrictions requiring that state legislatures provide the same

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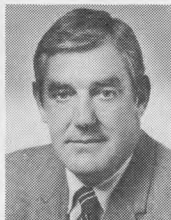
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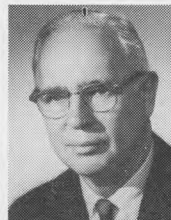


## COULSON CANNON AND LEWIS

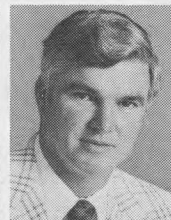
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provisions for state banks. That lack of Federal law would open the whole area to a battle between banks, based on who has the most capital to open electronic units."

In concluding his remarks, Mr. Kirchner said, "We urge you, as large correspondent banks, to be aware of the dilemma for your small correspondent neighbors, and to join a unified front to legislatively define the place of the ATM and the POS in our total banking system." He warned that unless federal legislative controls are instituted to provide equality, "commercial banks will end in a second or third rank position. Large institutions cannot rely on the market place alone and still expect the support of small institutions in this change which will set the pattern of banking for many years to come."

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(8 page booklet)

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