

Withdraw Debit Machines in Des Moines

After a four-month test period, Iowa-Des Moines National Bank has withdrawn all of its debit terminals in the Des Moines area. The machines were located in more than 20 retail outlets, including service stations and eight state liquor stores.

An executive officer of the bank told the NORTHWESTERN BANKER that withdrawal of the machines was necessary because of the cost, combined with low customer acceptance leading to low volume.

The move will not have an immediate effect on the Iowa Transfer System in view of the fact the low volume produced little income for ITS. Over the longer term, withdrawal of the machines may have an impact on acceptance by merchants. Some authorities feel that debit machines will not be practical unless they are tied directly to a merchant's cash register. Tests are now being conducted by NCR and Chase Manhattan Bank, N.A. in the New York market using this plan.

Removal of the debit machines will not affect usage of customer convenience terminals (ATMs). Currently, there are 40 participating banks in the Iowa Transfer System, and October volume was reported to be 81,000 transactions. A total of 28,127 transactions were

switched in October. Volume is reported to be favorable in the Des Moines and Cedar Rapids markets.

Kroger Experience

Speaking at the Bank Marketing



Association's annual convention early this month, Lorrence T. Kellar, a vice president of the Kroger food chain, told delegates that Kroger had abandoned its program called Supercard, sponsored by the Merchants National Bank & Trust Company, Indianapolis.

The system, which used a clerk-operated terminal in each checkout lane, slowed the checkout process, causing complaints from noncheck customers, he explained — adding that the latter customers constitute about 80% of a store's volume. Kroger uses the Honest Face system of the \$1.5 billion-deposit First National Bank of Atlanta; the Visa check guarantee program of the \$612.2 million-deposit City National Bank & Trust

Co., Columbus, Ohio; a check guarantee program sponsored by the \$714 million-deposit Central Trust Co. NA, Cincinnati and one sponsored by Cashex, Inc., St. Louis. The Cashex project was expected to get underway in St. Louis this week and involves two other retailers, Schnuck and National Tea.

Kroger's experimentation with clerk-operated tellers began with Central Trust, but these terminals are now being converted to customer-operated ones, he said.

Kroger also has participated to a limited extent in programs to test consumer response to taking deposits and paying withdrawals at its customer service counters. But, although customers who used it liked it, not many have been willing to "risk having their personal financial transactions become a part of the hustle and bustle" of the service desk, he said.

And, he added, the stores' costs in handling these transactions, with clerks typically highly compensate Kroger for providing the service.

Workshop for Directors

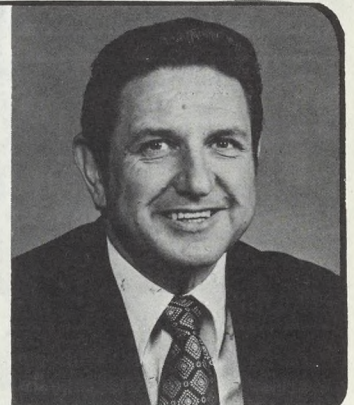
The National Association for Bank Directors will conduct its Northwest Workshop November 29 at the Radisson Hotel in downtown Minneapolis commencing at 9 a.m. and adjourning at 4 p.m.

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10th Fed Nominees

Three bankers nominated for a three-year term as a Class A director of the Federal Reserve Bank of Kansas City are: H. Keith Newton, executive vice president, Albion National Bank, Albion, Nebr.; Craig Bachman, president, First National Bank, Centralia, Kan., and Farrell D. McAtee, managing officer and director, Decatur County National Bank, Oberlin, Kan. Mr. Bachman is completing a three-year term. Class A directors represent banks with capital and surplus under \$700,000. Balloting continues until November 22. Successful candidates serve

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from January 1, 1978, through
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Commerce Bank Sponsors Louis Rukeyser Outlook

Commerce Bank of Kansas City is sponsoring an "Economic Outlook for 1978" to be presented Tuesday, November 22, by Louis Rukeyser, noted economist. The meeting will be held in the Radisson Muehlebach Hotel Imperial Ballroom starting promptly at 3:30 p.m., with cocktails following the meeting. The meeting is open to all bankers, businessmen and guests they wish to bring.

Ray Dieball in Hospital

Raymond V. Dieball, who retired in 1974 as assistant vice president in the correspondent bank department of First National Bank of Chicago, suffered a stroke November 8 and is recuperating at St. Frances Hospital, 12935 So. Gregory St., Blue Island, Ill. 60406. He is expected to be at the hospital for some time before returning to his home in Blue Island where he and his wife, Lucy, live at 2636 West 121st Place. Mr. Dieball, 65, is well known to hundreds of bankers in Iowa and Nebraska where he traveled for First National for many years.

Iowa News

CORNING: Wesley Scott has joined the Bank of Brooks. He formerly was with the Albert City Savings Bank.

IOWA CITY: First National Bank has announced the promotions of Cynthia A. Augspurger to account service officer, and Linda A. Hill to commercial loan officer.

MAQUOKETA: Jackson State Bank and Trust Co. has announced the following promotions: Craig

Bentrott from executive vice president, First Trust & Savings Bank, Wheatland, to assistant to the president at Jackson State Bank; David Thieleke from vice president to executive vice president in charge of operations; Reid Erickson from vice president to senior vice president, instalment loans; Don Henningsen from vice president to senior vice president, farm loans; Mary Kay Flenker from assistant cashier to assistant vice president and loan operations officer; Margaret McCarthy from assistant cashier to assistant vice president and marketing officer; Paul Miller to assistant vice president and office manager, Delmar, and Richard Brown to instalment loan officer.

SIOUX CITY: The Board of Governors of the Federal Reserve System has approved the acquisition of Morningside State Bank here by Hawkeye Bancorporation. The acquisition is scheduled to be completed by year-end. The boards of Hawkeye and the bank have previously ratified the purchased agreement.

Nebraska News

ASHLAND: Directors of the recently chartered Ashland State Bank have elected Marvin L. Killion president. Mr. Killion was president of the Gretna State Bank for 18 years and previously was associated with the Bank of Bellevue and the First National Bank of Omaha. Board Chairman Lee Sapp also announced that Gene Miller has joined the bank as operations supervisor. Mr. Miller, an accountant with Sapp Bros., has been with the First National Bank of Valentine and the First National Bank of Omaha.

SCOTTSBLUFF: Stockholders of the First State Bank here have completed arrangements for the



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NEW ISSUE

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\$900,000 SIOUX CENTER, IOWA

Electric Revenue Bonds

Dated: November 1, 1977

Denomination: \$5,000

Both principal and semiannual interest (March 1 and September 1, first coupon due March 1, 1978) payable at the office of the City Treasurer, Sioux Center, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES, IOWA FRANCHISE TAX AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

MATURITIES

	<u>5.00%</u>			<u>4.70%</u>	
\$40,000	March 1, 1978	3.90	\$80,000	March 1, 1987	4.70
40,000	March 1, 1979	4.00		<u>4.80%</u>	
40,000	March 1, 1980	4.10	90,000	March 1, 1988*	4.80
40,000	March 1, 1981	4.20		<u>4.90%</u>	
40,000	March 1, 1982	4.30	90,000	March 1, 1989*	4.90
55,000	March 1, 1983	4.40		<u>5.00%</u>	
60,000	March 1, 1984	4.45	90,000	March 1, 1990*	5.00
70,000	March 1, 1985	4.50		<u>5.10%</u>	
	<u>4.70%</u>		90,000	March 1, 1991*	5.10
75,000	March 1, 1986	4.60			

*Optional in inverse order beginning March 1, 1987 at 100%.

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Sioux Center is located in Sioux County in northwest Iowa about 45 miles north of Sioux City. The population according to the 1970 Census was 3,450 and a special 1974 Census shows 3,996. Major employers include: Dordt College (130 employees); Community Hospital (125 employees); Farmers Coop (78 employees); K Products (75 employees); Sioux Center Community School District (71 employees) and Sioux-Preme Packing (70 employees). There are two banks in Sioux Center with deposits of \$55,000,000, up from \$30,000,000 five years ago. The City owns and successfully operates its own water, sewer, gas and electric systems. Dordt College, a four year liberal arts institution, is located in Sioux Center with an enrollment this year of 1,112.

These bonds are being issued under the provisions of Chapter 384, Code of Iowa, 1977, as amended, for the purpose of financing the Utility's share in the costs of the development, design and construction of a Common Transmission System associated with the Utility's membership in the Missouri Basin Municipal Electric Cooperative Association and that agency's joint agreement with the Northwest Iowa Power Cooperative system. In the opinion of counsel, these bonds together with the \$270,000 presently outstanding electric revenue bonds dated March 1, 1972, are legal and binding general obligations of Sioux Center, Iowa, payable from the future net revenues of the municipal electric light and power plant. The system presently has 1,757 connected customers. Rates were increased in 1977 to provide better coverage for this issue.

HISTORIC EARNINGS

	<u>1977 (Year)</u>	<u>1976 (Year)</u>	<u>1975 (18 months)</u>
Gross revenues	\$729,809	593,684	745,519
Expenses	<u>336,619</u>	<u>278,421</u>	<u>404,386</u>
Net revenues	<u>\$393,190</u>	<u>315,263</u>	<u>341,133</u>

COVERAGES

(Both issues, based on 1977 net revenues)

Average principal and interest	\$111,555	Maximum principal and interest	\$142,330
Coverage of average requirement	3.52X	Coverage of maximum requirement	2.76X

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[The main body of the document contains several paragraphs of extremely faint, illegible text, likely representing the memorandum's content.]

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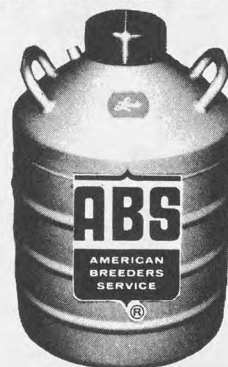


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sale of the bank to a group of investors including three directors of the bank. Paul M. Hefti of Alliance heads the group of new owners and is chairman. Dale M. Adams, president under the current ownership, will serve as vice chairman of the new board and will assist in the ownership transition before retiring at the end of the year. The new president is John A. Koenig of Red Oak, Ia. He also will serve as chief executive officer and director.

Minnesota News

ALEXANDRIA: Thomas A. Sachariason has been elected assistant vice president in the commercial and agricultural lending division of the First National Bank here. Most recently he was associated with First Bank System's credit examination department.

DODGE CENTER: Thomas A. Winkels has joined the Northwestern State Bank as assistant vice president. He previously was instalment loan officer at the First National Bank in LaCrosse, Wis.

ST PAUL: Approval has been granted by the Comptroller of the Currency for Northwestern National Bank here to open a suburban office at 1220 West County Road East.

TOWER: Tony Pecha recently was elected loan officer of the State Bank of Tower. He joined the bank in January of 1976 as a management trainee.

WAYZATA: Sharon Mros has been appointed instalment loan officer of the First National Bank.

Illinois News

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been issued to the First Bank of Channahon. The state bank's total capitalization of \$1 million will consist of \$400,000 in both capital and surplus and \$200,000 in reserve. The 40,000 shares of stock will have a par value of \$10 each. Officers are: Richard J. Cassaro, president, and Walter Johnston, secretary and assistant cashier.

CHICAGO: Sears Bank and Trust Company has announced the following promotions: Michael King, assistant vice president, trust administration; Paul Grens, trust business development officer; Evelyn Tribbs and Gary G. Foltz, trust administration officers; and Chester Lee, George Odishoo and Daniel Behegan, data processing officers.

South Dakota News

WILMOT: George L. Thielsen has joined the Wilmot State Bank as

agricultural representative and assistant cashier. He previously was with the Mitchell PCA office as credit officer and vice president and prior to that was a credit examiner with the FICB of Omaha.

SIOUX FALLS: Richard Moon has joined the Valley National Bank at its Park Ridge Branch as a personal loan officer.

North Dakota News

The North Dakota Bankers Association will hold its 16th annual Agricultural Credit Conference at the Ramada Inn, Grand Forks, November 30-December 1. Registration will be held from 3-8 p.m. on Wednesday, Nov. 30, and from 8:30-11:30 a.m. on Thursday.

Topics of discussion will include: "Agricultural Outlook and Financial Implications for 1978" and "Some Dos and Don'ts for the North Dakota Farmer." The

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afternoon will include a panel discussion and question and answer period for panel members and morning program speakers.

BEULAH: A formal application has been submitted to the State Banking Board for a charter for the Security State Bank of Beulah to be located at the corner of First Street and First Avenue. Proposed capitalization is \$750,000 consisting of \$200,000 in capital, \$400,000 in surplus and \$150,000 in undivided profits.

BISMARCK: Bismarck State Bank's application for federal deposit insurance has been approved.

Colorado News

DENVER: Central Bank of Denver has announced the promotions of three officers. They are: Jerry J. Grasmick, mortgage loan officer; Philip C. Lyon, credit card officer, and Ann H. Stack, personnel officer.

Wyoming News

CASPER: State Examiner Dwight Bonham has granted a state bank charter for the American Bank here. The charter will be issued after the bank obtains membership in the Federal Deposit Insurance Corporation, and the capital of \$1 million has been paid in.

CASPER: T. J. Claunch has been promoted to public relations officer with the First National Bank. He has been with the bank for 12 years, most recently as auditor.

RAWLINS: Gene McMillen has been elected president and chief executive officer of the First Wyoming Bank, N.A.

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Interest Rates To Rise Says Salomon Brothers

The cyclical pull of a continuing business recovery and a worsening inflationary situation will lift interest rates in the months ahead, according to Henry Kaufman, general partner and member of the executive committee of Salomon Brothers, international investment banking and market making firm.

Mr. Kaufman stated that developments which may worsen the inflationary situation include the Administration's attempt to arrest weakness in farm prices, rising business costs, and the large increase in the money supply over the past six months.

"Interest rates," the Salomon Brothers' partner noted, "will continue to increase irregularly. Sometime in 1978, money market rates should rise into the 7½% to 8¼% range and long-term interest rates such as new issues of AAA utilities will edge higher to around 8¾% to 9%."

Signs of disintermediation will begin to surface, he said, and will be seen first in a slowing of net

savings to deposit institutions rather than in net withdrawals. What level of interest rates will initiate this disintermediation is the subject of considerable conjecture, he added. "It is surely higher than it was in previous periods of rising interest rates."

The economy can achieve real growth of 4.5% through most of 1978 without difficulty, he said.

Other elements in the outlook he added, will be the Administration's choice of chairman of the Federal Reserve Board for the new term, the final shape of the proposed tax reform law, and the future trend of the presently weak U.S. dollar in the foreign exchange markets.

In discussing equities, the Salomon Brothers' partner stated that the dilemma in the stock market revolved around three related concerns — cycle, crisis and confidence.

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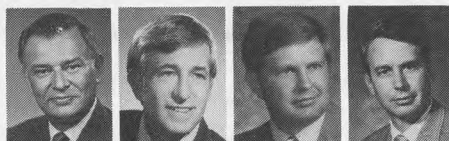
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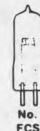
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