

NORTHWESTERN Banker Newsletter

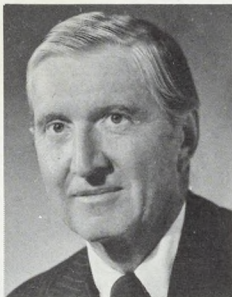
Vol. 7 No. 44

Des Moines, Iowa

February 26, 1979

ABA Reaches Consensus on Fed Issue

UPON completion February 16 of the Banking Leadership Conference conducted in Washington, D.C., by the American Bankers Association, a consensus statement on the Federal Reserve System issue was issued. Joining in the press conference for release of the statement were ABA President John H. Perkins, president, Continental Bank, Chicago; William H. Kennedy, Jr., chairman of the ABA government relations council and chairman, National Bank of Commerce, Pine Bluff, Ark., and Robert W. Renner, chairman of the ABA community bankers division and president, The Citizens State Bank, Hartford City, Ind. The text of the official statement follows:



J.H. PERKINS

The nearly 400 participants in ABA's Banking Leadership Conference this week in Washington reached the consensus that the paramount needs in connection with the Federal Reserve issue are:

- To ensure the continued existence of an independent and effective American central bank.

- To support the institution of uniform and lower reserve requirements for Fed member banks both to help improve the Fed's ability to conduct monetary policy and to reduce the burden of Fed membership.

- To cooperate in actions designed to assist the Fed in combating inflation and in coping with today's currency and geopolitical instability.

The bankers applauded Congressional initiatives in the areas of lowering required Fed reserve levels, providing uniform reserve levels within the Fed's membership and allowing the Fed to gather the information it needs from all depository institutions for the conduct of monetary policy. They also expressed support of explicit pricing by the Fed of its services to member banks, as well as the Fed's proposal to use earnings participation accounts to provide a return on Fed members' reserve balances.

A program to improve monetary policy should incorporate a strong support for the principle of voluntary Fed membership as the

essential bulwark of the Fed's independence, continued support of the federal-state dual banking system and a constructive response to the need for a monetary improvement program under the auspices of the Fed.

To provide an incentive to banks of all sizes to remain members of the Federal Reserve System by reducing the burden of membership, existing Federal Reserve required reserve levels should be reduced substantially.

To meet the particular needs of small banks and to encourage them to remain Fed members on a voluntary basis, at least a portion of Fed members' reserve balances should produce earnings, the banking leaders declared.

To achieve these dual purposes, the banking leaders called for a collective effort to support the thrust of previous proposals to reduce existing burdens of Fed reserve requirements and to provide some form of earnings on reserve balances maintained with the Fed.

Specifically, lower, more flexible, and uniform—not graduated—reserve ranges should be set as follows for Fed member banks:

Demand deposits: 1-10%

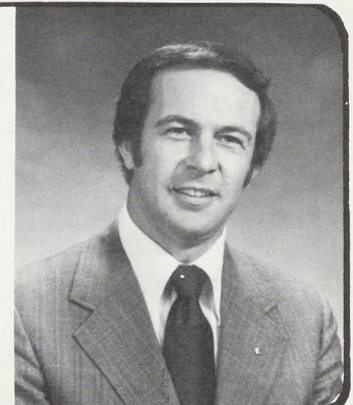
ABA REACHES CONSENSUS ...
[Turn to back of insert, please]

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Iowa News

The following applications are on file with the Iowa superintendent of banking:

Goose Lake Savings Bank to move the main office to Clinton and retain an office in Goose Lake.

Union State Bank, Bridgewater, to move the main office to Greenfield and retain an office in Bridgewater.

Kiron State Bank to move the main office to Odebolt and retain an office in Kiron.

Latimer State Bank to open an office in Coulter, two miles south on

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Highway 107, both in Franklin County.

Ackley State Bank to open an office in Geneva, 10 miles north on Highway 118 in neighboring Franklin County.

LAKE CITY: An agreement was reached recently with stockholders of the Lake City State Bank for that bank to become an affiliate of Hawkeye Bancorporation through an exchange of stock, according to Paul Dunlap, Hawkeye Bancorp president.

MARION: The following promotions have been announced by the First National Bank here: Jean Herrington, assistant cashier; Scott Shook, instalment loan officer, and Bob Doolittle, real estate loan officer.

Nebraska News

ALBION: Kendal Kucera has been promoted from assistant vice president to vice president at the Albion National Bank. Linda Reins, assistant cashier, has been named loan officer.

DONIPHAN: New officers elected recently at the Bank of Doniphan include David P. Niemoth, senior vice president; Donna Wanitschke, vice president and cashier, and Carleen White, assistant cashier.

HASTINGS: City National Bank & Trust Co. here celebrated its 45th anniversary during January. Over that 45 years, the bank has experienced continuous growth to its present total assets of nearly \$82.8 million.

MAYWOOD: Max Chehey has been elected executive vice president to serve as chief executive officer of the Farmers State Bank here. Roger Thuman remains as president. Gregg Thuman was elected assistant cashier.

NELIGH: David H. Knust was recently promoted to executive vice president at the National Bank of

Neligh. He had served as cashier since joining the bank in 1975.

OMAHA: The First National Bank has scheduled its 14th Annual Chuck Wagon Roundup for Thursday, March 22, at Ak-Sar-Ben sales pavilion. Further details will be announced soon.

Minnesota News

The Minnesota Bankers Association 1979 Agricultural Credit Conference will be held March 6-7 at the Leamington Hotel in Minneapolis. The conference will include over 16 topics during the three general sessions and nine workshops, and is designed to encompass every area of agricultural banking.

The first general session will begin March 6 at 1 p.m. with a welcome by MBA president Leslie W. Peterson. Minnesota commissioner of agriculture Mark Sectin will also make some remarks. Topics will include "Agricultural Banker of the Future," Derl I. Derr, director, American Bankers Association agricultural and community bankers division; "Implications of Current Outlook for Crops and Livestock Decision Making," Paul Hasbargen, extension economist, University of Minnesota, and "Consumer Lifestyle Changes," Malcolm McNiven, vice president, marketing services, Pillsbury Corp.

Late afternoon workshop sessions will feature the Farmers Home Administration, Family Farm Security Program, Small Business Administration and Correspondent Banking and Agricultural Credit Companies.

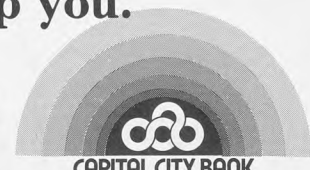
The March 7 general session will include "Legislative Update—State and National" with Truman L. Jeffers, MBA executive vice president, and John S. Jackson, MBA general counsel, and "Legal Aspects of Marketing Farm Products" by Harold Myhre, Warren attorney.

Workshop sessions will cover Legal Considerations of Agricultur-

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ABA REACHES CONSENSUS ... [Continued from page one]

Savings deposits: 1-3%

Short-term time deposits: 1.6%

Long-term time deposits: No
Reserve Requirements (over 179
days)

It is recognized that monetary policy and fiscal concerns may govern the implementation of such changes. These reserve requirements would apply to Fed member banks only, and for those banks there should be no exemptions from the reserve requirements based on deposit sizes of banks. Deposits in NOW accounts should continue to be treated as savings deposits for the purpose of setting reserve requirements.

While expressing the belief that the Fed has the authority to pay a return on reserve balances, the bankers said Congress should confirm that authority. The Fed should establish and put into effect immediately earnings participation accounts at the Fed's portfolio rate on the first \$10 million of each member bank's reserve balances. Participation in such earnings participation accounts covering balances in excess of \$10 million should be considered when monetary, economic and other factors make such action desirable.

Earnings on Fed member banks'

reserve balances constitutes nothing more than returning to the banks a portion of the \$1.5 billion which the Fed earns annually on the currently sterile reserve funds which those banks are required to keep with the Fed. The banking leaders asserted that new competitive factors compel Fed member banks today to seek some compensation for the value of their reserve balances. This is particularly necessary for smaller Fed members.

Support for the concept of explicit pricing of Fed services was reaffirmed by the banking leaders. However, pricing of Fed services should not be put in place until Fed members' reserve burdens have been reduced and minimum return paid on reserve balances as described above, and until the full costs of the Fed's non-monetary services are reflected in its pricing schedule with adjustments to include all real-life factors which affect pricing by the private sector but which do not affect the Fed.

The consensus of the banking leaders was that the Fed should be granted authority to collect through appropriate regulatory and supervisory agencies current liability and asset data needed for monetary control purposes from all depository institutions.

The bankers who participated in the Banking Leadership Conference to set a policy for the American Bankers Association on the Federal

Reserve issue constituted a cross-section of banking, representing banks of every size and type in every region of the nation.

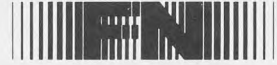
Preceding this Banking Leadership Conference were a series of meetings and other activities initiated by ABA starting nearly a year ago.

Meetings were held throughout the country which involved ABA's Governing Council and Government Relations Council, nearly every banking professions division, most of the state associations, community bankers whose deposits are \$100 million and less, large non-Fed member banks, agricultural bankers, correspondent bankers and economists from banks, academe, the regulatory agencies and Capitol Hill.

In addition, ABA took the first in-depth look that has been taken not only at the impact of the pricing of Federal Reserve services but also at the impact of pending legislative proposals having to do with the Fed, as well as at the changes such pricing and new legislation would combine to bring about. This analysis was made in a study commissioned by ABA and conducted by Abt Associates of Cambridge, Mass., and Arthur Andersen of Washington, D.C. The information produced by this study was one of the major elements of this week's Banking Leadership Conference. □

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Luncheon speaker will be Barbara Keating, president, Consumer Alert Council, Darien, Conn., addressing "Consumer Perspective."

Illinois News

Officers and members of the executive committee of the Illinois Bankers Association consumer credit division were elected at the division's recent annual conference. New officers are:

President—James E. Brown, vice president, State Bank of Collinsville; vice president—B.J. King, assistant vice president, Herrin Security Bank, and second vice president—Jerome Thomas, second vice president, American National Bank & Trust Co., Chicago.

Elected to serve on the executive committee were Roger Gray, president, First National Bank of Cobden, and Robert Ritter, vice president, the Bank of Illinois, Normal.

ROCKFORD: City National Bank & Trust Co. has initiated a change in its corporate structure by organizing a bank holding company. Reorganization of the bank into the Rockford City Bancorp., Inc. is expected to be completed during the first quarter of 1979.

Wyoming News

LARAMIE: Samuel R. Dunnuck III has been promoted to consumer loan officer at the Bank of Laramie. He graduated from the University of Wyoming in 1973 with a degree

in marketing and has five years of prior banking experience.

LARAMIE: Allen Ernst has been promoted to assistant vice president at the First Wyoming Bank, N.A.-Laramie. He had served as a loan officer for the last 11 months.

RAWLINS: Robert W. Adams, former Rawlins resident and businessman, has been elected chairman of the Rawlins National Bank board.

South Dakota News

ABERDEEN: Paula Jons has been promoted from credit officer to commercial loan officer at the First National Bank of Aberdeen. Patrick Hurley has been promoted from personal banking officer-trainee to personal banking officer. Both have been with the bank for four years.

HURON: Merlin Stillman has been named personal loan officer and manager of the instalment loan department at the Northwestern National Bank office here. He replaces Robert Nemitz, who has been promoted to the real estate and commercial loan department as loan officer.

LEAD: Robert Worth has been named manager of the First National Bank of the Black Hills office here. He replaces A.R. Teeslink, who has resigned to become manager and part owner of the Treasurer's State Bank in Glasgow, Mont.

PIERRE: Donna Welch has been named assistant comptroller at the Pierre National Bank. She joined the bank in 1970.

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Demie Miller,
Correspondent Banker



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North Dakota News

The "money center" desk of the Bank of North Dakota purchased over \$16.4 billion Fed Funds or excess reserves from North Dakota banks in 1978, and sold over \$14.3 billion for total activity of \$30.7 billion.

The bank's investment and trust department had total activity of over \$462 million in bond purchases and sales in 1978, a decrease from 1977's total of \$739 million. The decrease in security activity was attributed to the large increase and investment in loans in North Dakota during 1978.

BISMARCK: H. Charles Boyd-Snee has joined the Bank of Kirkwood Plaza here as a vice president in commercial loans and real estate. He was formerly assistant vice president at First Western State Bank in Minot.

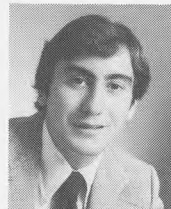
DEVILS LAKE: Dean Pecka has been promoted to assistant vice

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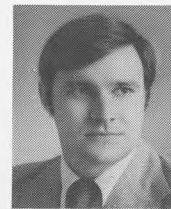
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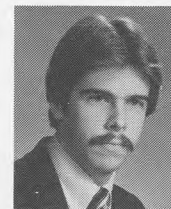
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6 president at the Western State Bank here. He joined the bank in 1976 as a loan officer.

WEST FARGO: Archie Filley has been named assistant vice president in charge of commercial loans, credit and collections at the First National Bank here. He was most recently loan officer for the State Bank of Warren, Minn.

Colorado News

BOULDER: First National Bank in Boulder has promoted three bank officers to vice president. Dorothy M. Deterding is in charge of the bookkeeping operation, and Jack Lacy has responsibility for lobby services, vault operation and drive-up teller operations. Richard C. Reed was named manager of the mortgage lending department.

CANON CITY Jack Oerrick has joined the Fremont National Bank of Canon City as vice president, commercial loans.

DENVER: Four employes have been promoted to assistant cashier at the Columbine National Bank. They are Phillip L. Mankoff, operations; Elaine Tregoning, teller supervisor; James Smurl, loan operations, and Robert G. Kluth, instalment loans.

LOVELAND: The Home State Bank here recently increased its capital from \$400,000 to \$800,000 by a 100% stock dividend.

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\$28 million Western Nebraska bank needs instalment loan officer. Prefer 1 to 2 years experience. Write file CBQ, c/o Northwestern Banker.

POSITION AVAILABLE

Ag lender \$200+ million Iowa bank seeking individual to assume responsibility for direct ag lending. Knowledge of farm operations and market values required. Credit experience and ag degree desirable. Excellent benefits, salary commensurate with experience. Send resume and salary requirements to Security National Bank, Box 647, Sioux City, Ia. 51102. Attention: Jim Hongslo. Equal Opportunity Employer

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POSITIONS AVAILABLE

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AGRI LOAN REP. for \$30+ million Iowa bank. Good knowledge of Iowa agriculture and 3 years bank experience. Salary to 20M

BANK OFFICER - with good loan experience including agri and commercial - could eventually become president of bank - good starting salary.

Have many listings in midwest. To apply for above or others or to locate additional officers for your bank contact: Tom Cannon or Tom Chenoweth at FINANCIAL PLACEMENTS, P.O. Box 13786, Kansas City, Mo. 64199. Phone 816/421-7941.



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TRUST OFFICER - Estate planning exp. very important. Must understand investments & farm mgmt. 60MM bank in NB. Salary \$25,000.

CASHIER - Rural bank in NC Iowa. Position has supervisory duties and experience is needed. Salary \$16,000.

LENDING - 2 years experience needed. Work in personal lines. Good location in SE Iowa. Salary \$15,000.

AG LENDER - 2-3 years experience in ag lending needed. Activity is mainly in new lines. Salary \$15,000.

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AG REP—Western Kansas 25MM bank. Prefer bank experience but will consider PCA background. . . . \$16,000

CEO—Small rural bank. Requires loan & administrative skills. . . . \$20,000

CASHIER—Iowa bank in small community. Position will lead to #1 spot. 3-6 years experience preferred . . . \$20,000

COMMERCIAL LOAN—Openings in western states and Minnesota for both junior and senior commercial loan officers . . . \$18-25,000

TRUST OFFICER—Law degree secondary to actual experience. So. Iowa bank with growing department . . . \$20,000

SECOND OFFICER—Rural Nebraska bank. Need agri-loan and insurance experience . . . \$22,000

AUDITOR—Several openings. Accounting degree and 2-5 years bank experience necessary . . . \$20-24,000

JUNIOR OPERATIONS—Locations include Minnesota and Iowa. Opportunity for advancement. Farm background preferred . . . \$12-14,000

Submit salary history and resume in confidence to:

TOM HAGAN & ASSOCIATES

Linda Blue Smith, President
Box 12346 - 208 E. 18th Ave.
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