

NORTHWESTERN Banker Newsletter

Vol. 8 No. 26

Des Moines, Iowa

October 22, 1979

Two-Tiered Funds Rate Developing

VOLATILE was a good description for the fed funds market last week in the wake of the Federal Reserve Board's October 6 action establishing a 12% discount rate and ordering 8% reserves on increases in managed liabilities. The 8% reserves are imposed on any increases registered over a base figure established for each bank. Currently, the Fed has a 2% supplementary reserve plus a basic reserve rate that can vary between 1% and 6%. Everything above the base figure now will carry the 8% reserve.

Money center banks nationwide were sorting out the pieces and adjusting to the market fluctuations last week. Non-member banks selling fed funds to a member bank are faced with a lesser price of up to 104 points because the member bank must carry the reserves as required. The lower rate to non-member banks, in effect, has a "pass along" or ripple effect of Fed reserve requirements. Money center banks also were busy assessing their traditional relationships with correspondent banks in the fed funds field.

John Tingleff, vice president of the financial institutions division which serves midwest correspondent banks for Continental Bank of Chicago, said, "The first effect is tiering between member and non-

member banks. The recent action by the Fed has a particular impact upon Iowa because of the large number of non-member banks in the state. It is fortunate that Iowa banks no longer are forced to require pledging of collateral by banks to whom they sell fed funds (repealed by 1979 Iowa legislature).

"The effect upon a non-member bank selling fed funds to a member bank will generally be a loss of 100-104 basis points. Here at Continental we are taking care of non-member banks with whom we have historically done business and are presently paying them the same rate as member banks.

"The first banks to be penalized will be those that require pledging. Fortunately for Iowa banks, this pledging is no longer required, which puts them on a par with banks in most other states.

"There is no consistency as yet and the entire market process is in a state of upheaval. Some money market banks are treating all non-member banks the same. Some banks now are making a distinction between member and non-member banks.

"The effect of the new 12% discount rate is to increase by 1% the maximum rate that national banks can charge individual customers, which actually makes it possible for

customers to borrow money. This is bringing into more prominent attention the entire matter of state usury rates, which handicap many banks, since some states traditionally have maintained such low rates that it makes lending difficult or impossible in times like these."

Tom Allen, president of The Omaha National Bank, largest bank in Nebraska, stated, "These are very uncertain times. So far as the new 8% reserve rule's effect, it depends on the nature of the bank. If it is a net seller, there will be little effect. If it is a buyer of fed funds and money market certificates, then this will impact its earnings. With fixed rate loans in a bank it creates a bind that could hurt.

"Those who upstream loans for liquidity will have a problem. Many of their good ag customers are borrowing the maximum at harvest time. The going loan rate today in this area is 11½%. These banks will have to pay their correspondent, which has to go out and buy incremental funds at 8% reserves, so this boosts upstream loans to the neighborhood of 13%. It will cause these banks to look at new loans. Hopefully, they'll be able to pass along the higher rate.

"Likely, a two-tier system will develop and the purchaser may pay non-member banks a lesser amount
(Turn to next page, please)



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2 —about 1% less.

“There’s another factor banks must consider; that is, to look ahead to our continuing business relationships with customers. Our regional prime is below the national prime and this regional prime is 13¼% to local customers. When the rate was down around 6%, some of them were paying above that rate so we’re trying to be fair and work with them as rates have worked up to this level. Our interest is in developing our community and assisting our customers here.” □

Iowa News

The Iowa Bankers Association will sponsor a Leadership & Management Institute (Leader Effectiveness Training) November 5-7 at the Holiday Inn-Downtown in Des Moines.

This program will be conducted by Kent Stickler, executive vice president of Financial Shares Corp., a Chicago-based consulting firm. The three-day program, based on the effectiveness training approach, encompasses a hard working, no nonsense schedule designed to provide leaders with the important day-to-day practical skills necessary for a good manager.

DUBUQUE: Lynn S. “Bill” Fuller, executive vice president, is now chief executive officer at Dubuque Bank & Trust Co. William R. Jansen has resigned as president to pursue other interests. Jim Schmid, a director and president of Crescent Electric, has been named as bank president (inactive).

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IOWA-Des Moines
NATIONAL BANK

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Bank has received consent from the state department of banking to establish an in-town bank office at 112 McKinsey Ave.

OELWEIN: The First National Bank here has filed an application with the regional administrator of national banks to open an office on Highway 150 near 13th Street S.W.

REMSEN: Farmers Savings Bank here has increased its common capital from \$200,000 to \$600,000 by stock dividend.

Nebraska News

The Nebraska Bankers Association will sponsor a one-day seminar focusing on the job of being a bank director to be held November 7 in Kearney. Registration will begin at 9:30 a.m. and adjournment will be at 3 p.m.

Designed for CEOs and their directors, the seminar will include topics such as the director’s role in monitoring bank performance and developing bank policy, and the legal responsibilities of the director.

Speakers will include Bill Brandt, NBA general counsel, and Wayne Smith, president of Central Bank & Trust Co., Lexington, Ky., who will discuss a bank failure.

EMERSON: Erwin E. Larson, formerly cashier, has been named president of The First National Bank here. He succeeds Gerald E. Loyd who will retire January 1, 1980. Also named were: Val Beaver, vice president; Robert V. Johnson, cashier, and Densil M. Sebade and Louise A. Renander, assistant cashier.

LINCOLN: Charles R. Leffler is resigning, effective January 1, 1980, as vice president and manager of the correspondent banking division at First National Bank & Trust Co. to devote full time to his duties as chairman of two family-owned banks in Nebraska. He joined the bank in 1965 and has headed the correspondent division since 1970. He will be succeeded in his present duties on January 1 by Gary L. Bieck, currently vice president and assistant manager of the department.

OMAHA: “You Can’t Lead a Cavalry Charge if You Think You Look Funny Sitting Side-Saddle on the Horse” will be presented by Dora C. Cuhel at the October 23 meeting of the Mid Plains Group of the National Association of Bank Women. The meeting will be held at the New Tower Inn, 7764 Dodge St.,

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with dinner at 6 p.m. Ms. Cuhel is director of NACM Credit Women’s Group.

Minnesota News

ALEXANDRIA: Alexandria Securities and Investment Co. has received consent from the Federal Reserve Bank of Minneapolis to become a bank holding company by acquiring the Community State Bank of Alexandria.

BRAINERD: The Federal Reserve Bank of Minneapolis has approved an application by Minnesota Bankshares Corp. of Brainerd to become a bank holding company by acquiring the Brainerd National Bank.

MINNEAPOLIS: Marquette Lake State Bank has received consent from the FDIC to establish a de-

“Opportunity Talks...” Robert Scott, Correspondent Banker



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tached facility at 810 E. 27th St. here.

PINE CITY: The Pine City State Bank has opened for business. The new charter is a result of the relocation of the former Kerrick State Bank. The community of Kerrick will continue to receive banking services through a detached facility operated by the Security State Bank of Askov.

Illinois News

The Illinois Bankers Association's 42nd annual trust conference, "A Forum for Discussion," will be held October 30-31 at Stouffer's Riverfront Towers in St. Louis, Mo.

Areas to be covered include trust procedures, legislation affecting trust and estates, portfolio management, estate planning and employee benefit plans.

SCHAUMBURG: An application by H.S. Bank (in organization) here for Federal deposit insurance and consent to merge with Suburban Bank of Hoffman-Schaumburg and to establish a facility has been approved by the FDIC.

URBANA: First Busey Corporation here has received consent from the Federal Reserve Board to become a bank holding company by acquiring the Busey First National Bank here.

WONDER LAKE: A charter has been issued to the Wonder Lake State Bank, 7526 Hancock Drive. The bank's total capitalization of \$800,000 will consist of \$320,000 in capital stock, \$320,000 in surplus and \$160,000 reserve for operating

expense. Stephen J. Mitchell is the president.

South Dakota News

MITCHELL: The Sunrise Group of the National Association of Bank Women (eastern South Dakota) will host a Motivation Seminar on Wednesday, October 24, at the Holiday Inn in Mitchell. Featured speaker is Dr. James Kern, Winona State University. This seminar would be beneficial to anyone in a supervisory capacity. Registration begins at 9 a.m. For information, contact Kathy Reed, Valley National Bank, Sioux Falls.

North Dakota News

The North Dakota Bankers Association's Bank Women's Committee will sponsor a conference entitled "Banking Challenges of the '80s" October 30-31 at the Holiday Inn in Fargo.

Designed to assist bank personnel in preparing for future industry-related challenges, the conference is not restricted to female bank employees. Registration will open at 4:30 p.m. on Tuesday; adjournment will be at 3:15 p.m. Wednesday.

Speakers will cover such topics as the NDBA's role in banking, consumer regulations, the National Association of Bank Women, the future role of the managerial woman and the savings bond program. Sharon Erickson, assistant vice president, The Fargo National Bank & Trust Co., is chairman of the bank women's committee.

GRAND FORKS: A newly-chartered state bank, The Dakota Bank, opened for business in Grand Forks on October 9 in a temporary facility

at 2300 S. Columbia Road. Ground-breaking for a new building at the same site will be held in the near future. The bank is capitalized at \$750,000 with \$375,000 in surplus and \$375,000 in undivided profits. Lewis R. Coffey is president.

Colorado News

DENVER: Denver National Bank became the new name for Security National Bank on October 15, according to C. Gale Sellens, president. A member of Affiliated Bankshares of Colorado, Inc., Denver National has adopted the new holding company logo, thus stressing its position as their downtown member bank.

DENVER: United Bank of Denver has announced the appointment of John T. Groton and Richard M. Hall Jr. to the position of vice president, and Jane Dahlstrom-Quinn to assistant vice president.

Wyoming News

JEFFREY CITY: John Raymond has resigned as executive vice president of the Jeffrey City State Bank.

RIVERTON: Tom Poletti has been promoted from vice president and cashier to senior vice president of the First National Bank of Riverton. He continues as the bank's chief financial officer. Fred Perrett and Wendell Manka, formerly assistant vice presidents, have been promoted to vice president. Myrna Sammons, formerly operations officer, has been named cashier. The bank also announced the resignation of Ronald L. Davis as executive vice president.

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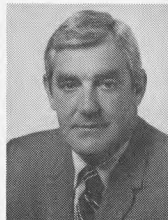
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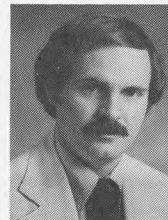
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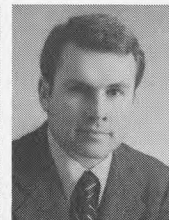
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4 **Consultant to Conduct IRA/Keogh Seminars**

Collin W. Fritz, a well-known banking consultant from Des Moines, Iowa, will conduct IRA/Keogh Seminars in the upcoming weeks at various locations in Nebraska, Iowa and Montana.

Nebraska

October 22—Holiday Inn, 72nd and Grover, Omaha; October 23—Ramada Inn, Grand Island, and October 24—Holiday Inn, North Platte.

Iowa

October 30—Harbor House, Storm Lake; October 31—Ramada Inn, Waterloo; November 14—The Carousel, Coralville, and November 15—Hyatt House, Des Moines.

Montana

November 6—Northern Hotel, Billings; November 7—Sheraton Inn, Great Falls, and November 8—Village Motor Inn, Missoula.

WANT ADS

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POSITION AVAILABLE

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REGIONAL DIRECTOR

The Higher Education Assistance Foundation, a private non-profit corporation serving as a guarantor for student loans, has a position available for a regional director in Nebraska. The regional director will administer the Foundation's overall guarantee relations program in Nebraska which assures positive working relationships and provides technical assistance to all participating lending and educational institutions. The director will be responsible for assisting lenders in the administration of their participation in the Guaranteed Student Loan Program (GSLP), conducting training seminars for lenders, and preparing outgoing technical correspondence. The director is also responsible for establishing and maintaining a similar program to facilitate the participation by the Nebraska education institutions in HEAF's GSLP.

The position requires working knowledge of bank operations and installment lending, or working knowledge of financial aid programs for post-secondary education. In addition, proven communication skills, public speaking ability, and experience in professional public contact are required. Knowledge of data processing and of the GSLP is desirable.

Resumes will be accepted through November 2, 1979. All qualified applicants will receive consideration for employment without regard to race, color, creed, sex, national origin, age or physical disability.

Submit a copy of your resume and salary history to the **NEBRASKA SELECTION COMMITTEE** at the Foundation's corporate offices:

Higher Education Assistance Foundation
1100 Northwestern Bank Building
55 E. Fifth Street
St. Paul, Minnesota 55101

Agriculture Department Executive—New position with Sioux City, Iowa, Chamber of Commerce. Need ag background or degree to work with producers and processors in development and educational programs. Communications, analytic ability, motivation skills and self-starter necessary. Salary to \$25,000 plus excellent benefits. Send letter of application and resume to: Dennis Sederholm, Sioux City Chamber of Commerce, 101 Pierce Street, Sioux City, Iowa 51101. (PA)

Ag Rep wanted for \$18 million north central Iowa bank. Write file IBA, c/o Northwestern Banker. (PA)

Vice President-Agriculture/Commercial Lending. \$48 million bank located in medium-sized midwestern town seeks an individual experienced in agricultural and commercial lending. Must be willing to develop new business. Qualified applicants should submit their resume, along with salary history, to file HBZ c/o Northwestern Banker. We are an equal opportunity employer M/F. (PA)

\$45 million bank in NE Iowa seeking a person for their branch office. Lending and/or operational experience preferred. Excellent benefits, salary negotiable. Opportunity for growth and development. Write to file HBY, c/o Northwestern Banker. (PA)

CEO wanted. \$40 million asset bank. Attractive central South Dakota city. Send resume to file HBX, c/o Northwestern Banker. All replies held in confidence. (PA)

Agricultural and Commercial Loan Officer position open for person with experience. Please send resume to J.H. Hanson, The Security State Bank, Box 1291, Polson, Montana 59860. (PA)

\$90 million bank in north central Iowa, belonging to a multi-state holding company, is looking for an aggressive marketing officer. Prefer a creative, goal oriented person with a marketing or related degree and 1-3 years marketing experience. Excellent benefits, salary negotiable. Opportunity for growth and development. Write to file HBL, c/o Northwestern Banker. (PA)

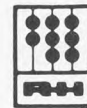
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Cashier, BA and 1 yr. exp.	15,000
Consumer banker with large bank	14,000
Farm Mgr. for large bank wants ag lending	16,000
Loan Officer with good operations exp.	12,000
AVP & Trust Officer, has ins. licenses	18,000
Ag Lender, 5 yrs. exp.	16,000
Heavy mortgage exp., VA/FHA/CONV	17,500
Trust Officer, small bank exp.	23,000
AVP & Branch Mgr., a generalist	20,000
Commercial credit & loan exp., large bank	17,500
VP with solid exp. in all areas	23,000
VP/Real Estate Analyst for mortgage co.	25,000
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President, stable background, varied exp.	35,000

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