

NORTHWESTERN Banker Newsletter

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Ideas On Community Bank Survival

CAN community banks survive in the increasingly competitive banking environment we are living in?

Robert L. Pettit Jr., chairman, Jefferson Bank and Trust, Metairie, La., seems to think so. Mr. Pettit participated in a recent panel discussion titled, "Lessons Learned and Future Opportunities during the Robert Morris Associates Southeastern Chapter's Conference in Nashville.

"Since community banks can't be all things to all people, it's important that they carve out niches for themselves in their respective communities," Mr. Pettit maintained. He noted that his \$135 million deposit bank, for example, carved its niche by first determining its competition. "After we did this, we simply put our heads together and asked ourselves, 'What can we do better than they can?'" Mr. Pettit continued.

He and his staff came up with six ways to beat the competition. We think they are worth repeating:

1. *Analyze your customers and concentrate on what you can do to fill their needs.* "We decided to forego automatic tellers, trusts, a foreign department and many other extras because we weren't making a profit on them," Mr. Pettit explained. "Instead, we decided that our strength lies in . . ."

2. *People.* "Twenty-six percent of our operating expenses goes towards personnel costs. We think talented people help community banks such as ours cope with the competition. We're constantly looking for commercial lending personnel at all levels . . . talented people



who want to work," he said. "The day of the 90-day note is gone," Mr. Pettit contended, "and customer loyalty isn't as strong as it used to be. Therefore, it's bank personnel that keep our customers from going to 'the other guy down the street'."

3. *Know your present customers.* Jefferson Bank personnel meet four mornings a week to discuss different topics concerning present customers, Mr. Pettit said. For example, one morning is devoted to commercial loan review; another morning to a review of calls made to customers on the bank's "\$5,000 and over list;" a third morning to operational problems, and another

morning to past-dues and business development calls.

4. *Implement an aggressive business development call program.* An aggressive call program is essential to the success of a community bank, Mr. Pettit emphasized. "During the past year, our bank personnel made some 4,000 calls," he said. And it's worth noting that many of these calls were made by Mr. Pettit, as well as the bank's president and its senior operating officers. "The bank's president and I have open call calendars," Mr. Pettit said. "This means that a calling officer can slot a customer call on either of our calendars and know that we will honor it. Yes, top management is in total support of this program," he noted. "In fact, this is the only area where no budgetary cuts have been made."

5. *Offer more competitive CD rates.* "We know that our customers really don't want to go to Merrill-Lynch or the New York banks, yet they sometimes will for a little higher interest rate. Therefore, we match these rates in order to remain competitive," Mr. Pettit explained. He said Jefferson offsets these costs with higher yielding loan participations, banker's acceptances, and CD's with other financial institutions.

6. *Be sensitive to community developments.* Stay on top of what is happening in your community and be a friend to your neighbors,

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Mr. Pettit advised.

In conclusion, he again pointed out the fact that banking is a people business. "Although I don't pretend to know all the answers, we at Jefferson are betting that if there is one, it is people. When your customers come in contact with talented, trained and motivated people—people that they have come to know and trust—they will want to do business with your bank," Mr. Pettit said. □

Roger Anderson Named To Chicago Fed Board

Roger E. Anderson, chairman, Continental Bank of Chicago, has been elected to the board of the Federal Reserve Bank of Chicago. He will replace A. Robert Abboud, completing the term which expires December 31, 1981. Mr. Anderson then will be eligible for election to a full three-year term.

Mr. Abboud resigned the Fed directorate after resigning recently as chairman of First National Chicago Corporation. He has been named president of Occidental Petroleum Co.

Mortgages Dropped 30% For an "Equity Kicker"

Advance Mortgage Corp. and Coast Federal Savings & Loan Assn., Sarasota, Fla., have committed \$10 million in loan money to what they call shared-appreciation mortgages. Under this concept, the mortgage company and the Florida s&l, are offering mortgages at rates 30% below the market in exchange for a one-third share of profits when a home is sold or a loan is refinanced. The pool of mortgage-backed securities put together by Advance is being purchased entirely by Coast Federal. The s&l will make 25% of the loans in its own institution, while Advance, an affiliate of Oppenheimer & Co., will originate the other 75% starting September 15

through offices in Colorado, Arizona, Georgia and the District of Columbia.

House Votes Down Interest Withholding

By a vote of 401-4, the House of Representatives firmly voted down a proposal by the Carter administration to withhold estimated taxes from savings interest income. The ABA and other financial institutions had strongly opposed the move as a retardation to savings, and another expensive administrative task for the institutions.

Iowa News

AUDUBON: A temporary facility is being constructed here to house the Landmands National Bank of Kimballton, which recently was authorized to move its charter to Audubon and retain an office in Kimballton (pop. 380). Deposits are about \$12 million. The Audubon State Bank in Audubon (pop. 3,000) has about \$31 million deposits.

BURLINGTON: The First National Bank has filed for permission from the regional administrator of national banks to locate an office at Roosevelt and West Avenue here.

CASCADE: The Cascade State Bank has received consent from the FDIC to exercise limited trust powers.

CORALVILLE: John W. Brown has been named executive vice president and trust officer of Unibank & Trust. He was formerly senior vice president and trust officer at the First National Bank in Ottumwa.

DES MOINES: The Iowa Bankers Association has invited President Jimmy Carter and Republican presidential candidate Ronald Reagan to address the annual IBA convention in Des Moines September 21-23. Neither candidate had given a firm commitment as of early this month.

KEOKUK: Security State Bank has

received consent from the FDIC to establish an office at 429 Main St. here.

SPENCER: Central National Bancshares, Inc., Des Moines, has completed the purchase of 98,062 shares of the common stock of Spencer National Bank at \$45 per share, or a total price of \$4,412,790, according to Kenneth M. Myers, Central president, and John W. Rahn, Spencer National president. The shares purchased were tendered in response to an offer which Central made earlier this year. Spencer National had assets exceeding \$36 million at June 30, 1980.

STRATFORD: David Hill has announced that his purchase of controlling interest in The Farmer Savings Bank from Rueben Erickson has been completed. No officer or employe changes are anticipated. Mr. Hill also owns controlling interest in the Farmers State Bank, Jewell. Acquisition assistance was provided by Donald E. Holder of Holder and Associates, Ames.

TRAER: The Federal Reserve Board has issued a prior certification relating to the proposed divestiture of certain nonbanking assets by Kupka's, Inc. of Traer.

Nebraska News

BELLEVUE: The Bank of Bellevue has received consent from the FDIC to locate a detached tellers facility at 201 W. Mission St. here.

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CHADRON: The First National Bank of Chadron is seeking permission from the regional administrator of national banks to locate an office at Second and Bordeaux Streets.

CLATONIA: Farmers Bank has received FDIC approval to establish a remote service facility in an office building at 240 West 4th St. in Cortland.

LINCOLN: South Ridge Bank is offering a \$500 reward for information leading to the arrest of those responsible for stealing three American flags from the bank's 70-foot flagpole. The latest theft occurred August 23, following similar incidents on April 20 and January 20. The flags are 25-foot long, according to Herman A. Brockmeier, South Ridge president.

NORFOLK: B. M. DeLay, president, DeLay First National Bank, announced recently the bank has purchased a downtown store building directly across the street from the bank for possible future expansion, as well as an investment in downtown.

OMAHA: Cox Cable of Omaha is the successful bidder for the cable television franchise to serve Omaha. Cox has proposed 54 channels that would include the ability to bank from home. The bank portion of the plan was presented to a group of Omaha banking executives to acquaint them with the proposal.

OMAHA: Steve Erwin has been elected vice president in charge of ag lending and correspondent banking at Northwestern National Bank of Omaha. He was previously with Omaha National Bank.

WAUSA: Commercial State Bank of Wausa has installed a point of sale terminal at J&D Hardware and Grocery in Magnet. Instabank provides banking services for this community located six miles from Wausa which has no bank.

YORK: Henry Schmidt has been appointed vice president and trust director at York State Bank & Trust Co. He succeeds Don Haery, who has moved to Hartford, Conn., where he is now merchandising the TRUSTPAK System which he helped develop while manager of the First National trust department. Mr. Schmidt is moving to York from Murphysboro, Ill.

Illinois News

The following Illinois banks have received consent from the FDIC to establish facilities: Illinois State Bank of East Alton, at 251 E. Airline Drive, Rosewood Heights; Bank of Lyons, at 7201 W. Ogden Ave. there, and Olney Trust and Banking Company, in the Richland County Mall there.

CHICAGO: Drexel Holding Company has received consent from the Federal Reserve Board to become a bank holding company by acquiring the Drexel National Bank.

FAIRVIEW HEIGHTS: Mid-America Bank & Trust Co. will establish a remote facility in the St. Clair Square Shopping Center.

SCHAUMBURG: The Schaumburg State Bank has received consent from the FDIC to establish a remote service facility at 981 Wise Road here.

URSA: The newly-chartered North Adams State Bank has received approval for coverage by the FDIC. Capital accounts are \$750,000.

Minnesota News

BLOOMINGTON: Community State Bank of Bloomington has received consent from the FDIC to establish a facility at 5125 W. 98th St. here.

EDINA: Americana State Agency, Inc. has received consent from the Federal Reserve Bank of Minneapolis to become a bank holding company by acquiring the Americana State Bank of Edina.

Montana News

HELENA: Vernon F. Bitz has been elected president of the Bank of Montana here succeeding Fred Flanders who has resigned to pursue other business interests. Mr. Bitz was most recently senior vice president and a director of Bank of Montana. He served with banks in Great Falls and Billings prior to joining the Helena bank in 1975.

MISSOULA: The Glacier Chapter of the Bank Administration Institute will hold its fall meeting in Missoula September 12-13. A special seminar on NOW accounts will kick off the gathering at 1 p.m. Friday at the Elks Club. The general session on Saturday will be held at the Red Lion. Noon luncheon speaker is C. C. Hope Jr., president of the

American Bankers Association.

MISSOULA: First Bank (N.A.)-Western Montana Missoula has changed the location of its head office from 248 N. Higgins Ave. to 211 E. Broadway here.

North Dakota News

The 13th annual convention of the Independent Community Banks of North Dakota will be held September 24-26 at the Ramada Inn in Minot, according to Albert A. Wolf, executive secretary. ICBND president is Robert Hansen, executive vice president of the Bank of Steele.

Featured will be a NOW Account Mini-Seminar, Women in Banking and reports on agriculture, ICBND business sessions and legislative updates. Speakers will include Robert J. Wingert, executive director, Independent Community Banks in Illinois; Angelo R. Bianchi, president, Conference of State Bank Supervisors; Carol Green, founder, Women's Bank, Denver, and Myron Just, North Dakota commissioner of agriculture.

GRAND FORKS: Dorwin Marquardt has been named vice president and senior trust officer re-



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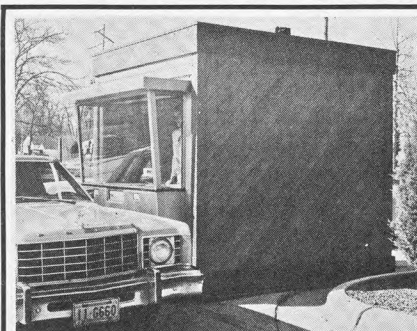
sponsible for the Grand Forks division office of First Trust Company of North Dakota. He moves from First Bank Fargo, where he was senior trust officer.

Wyoming News

WORLAND: The Federal Reserve Board on August 19 announced its approval of the application of Wyoming Bancorporation, Cheyenne, to acquire First Wyoming Bank—Worland, a proposed new bank. The charter application initially filed on August 24, 1978, was turned down by the state examiner on November 17, 1978. A new application was submitted and after public hearings on April 18, 1979, the state board issued an order July 24, 1979, that the state examiner approve the charter. The two existing banks in Worland had protested the application. The case was submitted to the state Supreme Court, which approved the state board findings. The Fed approval now has followed. The bank will be constructed within one block of the two existing banks, with Fed approval.

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PARTIAL LIST OF**AVAILABLE POSITIONS**

LENDING—Rural Iowa bank. Handle installment loans and collections. Also some ag lending. Must be able to work on own. \$15,000.

VP—Be responsible for entire loan portfolio of small ag bank. Must know lending regulations. Lending is the key to this spot; other bank experience a plus. \$16,000.

OPERATIONS—South Dakota bank needs operations officer. Supervise bookkeepers and tellers. Will handle all reports. \$17,000.

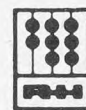
OPERATIONS—Assistant to operations officer in large Iowa bank. Must have operations experience, be aggressive and prospect-oriented. Will supervise 15. \$23,000.

EVP—#2 position in Minnesota bank. Lending is commercial with some ag. Must have experience in all areas. Equity potential for right person. \$28,000.

TRUST OFFICER—Iowa bank is establishing new department. Must be experienced in trust area and be able to set up a department. \$26,000.

AG LENDER—Real opportunity for person with 2+ years experience. Will do all ag lending for eastern Iowa bank. Bank wants person that can make decisions and operate on own initiative. \$22,000.

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POSITIONS AVAILABLE

CASHIER—Management opportunity with \$25MM Iowa bank. Duties include operations and controller's function. \$20,000

COMMERCIAL LOAN—Medium size Rocky Mountain bank seeks senior commercial lender. Supervise installment, real estate and commercial departments. \$28,000

PRESIDENT—\$25MM bank close to major metropolitan area. Must be strong lender and have current administrative responsibilities. \$40,000

AGRI LOAN—Handle \$8MM department for rural Kansas bank. Additional duties include ag credit department with \$3MM portfolio. \$22,000

AG LENDER—Medium size Nebraska bank seeks addition to ag department. Prefer ag related degree and 3-4 years lending experience. \$24,000

FINANCIAL OFFICER—\$40MM rural bank desires controller to handle reports, investments and liability side of ledger. \$25,000

JUNIOR LOAN—Bank located in Missouri resort area wishes to hire collector with some lending experience. Good opportunity for advancement. \$14,000

Sample of current listings. Salary history and resume requested.

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