

# NORTHWESTERN Banker Newsletter

Vol. 9 No. 45

Des Moines, Iowa

March 2, 1981

## Bankers Seek Changes in Regulations

**C**OMMUNITY bankers now have identified some of the most burdensome government regulations that should be changed to reduce the cost of compliance and still serve the needs of bank customers.

An advisory board to the Community Bankers Division of the ABA, made up of bankers from all 50 states and the District of Columbia, categorized cumbersome regulations into three areas: (1) regulations affecting the way banks deal with their customers, (2) regulations affecting internal managing of a bank, and (3) regulations that prescribe standards for safety and soundness of a bank.

"We wanted to get the reaction from a sampling of the nation's community bankers as to what regulations they felt have hindered their ability to operate and provide their customers with financial services," said L.J. Hebert, Jr., chairman of the ABA Community Bankers Division and also president of La Fourche National Bank, Thibodaux, La.

A survey was mailed two months ago to the 250 members of the Community Bankers Division's advisory board and to the 21 member executive committee, of which Mr. Hebert is chairman. Results of that survey were

discussed at a recent meeting in Phoenix in conjunction with the third annual Community Bank Executive Conference. The purpose of that meeting was to begin to prioritize regulations for an ABA agenda for "a better banking environment."

Bankers identified costly and inefficient regulations and com-



mented on how they impair the way they conduct the business of banking. The first category: regulations affecting the way banks deal with their customers, received the most comment from bankers with regulations such as the National Flood Insurance Act, the Bankruptcy Act, the Real Estate Settlement Procedures Act and the Home Mortgage Disclosure Act most often identified.

"Customers are confused and

perplexed and feel they are terribly inconvenienced by most of these laws which theoretically were supposed to protect them," said one community banker.

Other regulations suggested were elements of Regulation Z, Truth-in-Lending, particularly the many required disclosure items, and elements of Regulation B, the Equal Credit Opportunity Act and the Fair Credit Reporting Act, particularly relating to dual sets of standards and the additional costs involved to banks and reporting bureaus.

Comments on the second category: regulations affecting internal management of the bank were characterized by their intensity, particularly on the Financial Institutions Regulations Act (FIRA), which one banker said "violates privacy," and "makes it difficult to obtain responsible and productive (bank) directors." The Equal Employment Opportunity Act was identified as "complex" and "necessitates hiring a specialist."

In the third category: regulations that prescribe standards for safety and soundness of a bank, restrictive state usury ceilings which hinder banks from serving the credit needs of their communities, and Regulation D, involving forms that "do not fit any typewriter," were identified. Capital Account Rule Require-



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ments, Regulation H dealing with securities transactions and the Security Exchange Disclosure Act were also identified.

Additional descriptions of regulations often repeated during the bankers' discussions were: "complex paperwork," "duplicate reporting requirements," "overwhelming costs involved to comply," "meaningless disclosure and record retention," and "forced to pass the cost of compliance back to the customer."

In their comments, bankers were consistently aware of the difference in the size of community banks versus money center banks. Community banks have less than \$150 million in assets and less than 200 employees. The majority have less than \$50 million in assets and less than 23 employees.

"Compliance means something entirely different to a bank in my hometown as compared to a bank in a city like Chicago," said one banker. "Yet, I must go through the same procedure that the larger sophisticated, well-staffed and well-equipped bank does in order to conform."

"As yet, no one from (our

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community) has ever asked for any information relating to this act," another banker said about the Community Reinvestment Act (CRA). "If we are to succeed as a bank, it is up to us to do this job in a proper manner. It will be done without this act."

Speaking on behalf of the community bankers, ABA Chairman Hebert has already called on banking regulators to scale down regulatory and reporting requirements and to treat small businesses more equitably, as mandated by the recently passed 1980 Regulatory Flexibility Act. □

### Iowa News

**DES MOINES:** Hawkeye Bancorporation's application to acquire United State Bank, Cedar Rapids, has been approved by the Fed. The acquisition, to be completed on March 31, will be Hawkeye's 26th affiliate bank. United State has assets of \$40 million. Announcement of the proposed acquisition of Jackson State Bank and Trust Co., Maquoketa, with assets of over \$65 million, was made in January.

**PARKERSBURG:** O.A. Bailey, 87, former owner and president of Parkersburg State Bank, died recently. Mr. Bailey had been in banking since 1925, and came to Parkersburg in 1932. He retired in 1972, but remained on the board.

**POSTVILLE:** Stanley Straate has been promoted to vice president and farm rep of the Postville State Bank. He joined the bank in 1978.

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**THURMAN:** The Thurman State Bank recently celebrated the completion of its new home with open house activities attended by 350 persons.

### North Dakota News

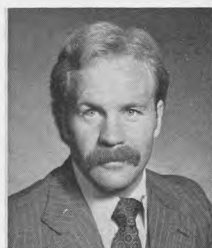
**FARGO:** Terry R. Bladholm has been appointed to the board of the Fargo National Bank. He is president of Concrete Sectional Culvert Co.

**GRAND FORKS:** Ross G. Kroeber has been promoted to assistant cashier of Community National Bank.

**WAHPETON:** Promoted at First Bank of North Dakota were Dwaine H. McRoberts to vice president and cashier and Willard J. Strege to assistant vice president.

### Montana News

**BILLINGS:** At Security Bank, James R. Penner has been promoted to investment officer and Ronald



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### Nebraska News

**ALLIANCE:** Promoted at Alliance National Bank were Richard E. Bilstein and Richard E. Henderson to vice presidents, Glen D. Witte to assistant vice president, Eva Knight to trust officer and Matthew Foreman to manager of computer services.

**BLAIR:** Harold Matney has joined the staff of the Blair Bank as senior vice president. Promoted were Iona Stern to personal banker, Mike Urdahl to assistant vice president, DeAnna Nielsen to vice president and cashier, Connie Nelson to coordinator of computer operations and Mark Gosker to executive programmer.

**HOLDREGE:** Receiving promotions at First National Bank Holdrege were C.D. Erickson to vice president and cashier, Gary R. Mueller to assistant vice president, P. William Erickson to assistant vice president, A. Lucille Erickson to auditor and Bernice M. Lindgren to benefits officer. Newly-elected officers were Randy K. Rouse to assistant cashier/compliance officer, Margery Verbeck to assistant cashier/administrative assistant and Donna Debban to assistant cashier.

**MILLARD:** At the Bank of Millard, Linda Behounek and Julie Gonzales

have been named operations officers.

**SCOTTSBLUFF:** The Scottsbluff National Bank and Trust Co. has announced the elections of Don L. Smith to senior vice president and H. Hod Kosman and Richard C. Zoeter to vice presidents. Mr. Smith joined the bank in 1958.

### Minnesota News

**AUSTIN:** Daryl D. Thietje has been elected personnel/operations officer of the Northwestern State Bank.

**DUNDAS:** Randal J. Burns was elected president and c.e.o. of the Dundas State Bank. He joined the bank in 1969. Also promoted were William A. Reilly to executive vice president and Barbara E. Meyer to cashier.

**ECHO:** The application by Echo Bancshares, Inc. to become a bank holding company through the acquisition of the Citizens State Bank has been approved.

**NEW BRIGHTON:** The application by Sahara Bancorp. Inc. to become a bank holding company through the acquisition of the First State Bank has been approved.

### South Dakota News

**GARY:** Gary State Bank has announced the retirement of Oliver Nelson from the board. He had served as a director for 20 years. Appointed to fill Mr. Nelson's vacancy was Arvin Jesme, a Gary area farmer.

**WATERTOWN:** The First National Bank has announced the retirement of Leslie M. Rose as a director. Mr. Rose, president of Gray Construc-

tion Co., had been a director for 12 years.

**WILMOT:** Betty Reyelts, an employe for 23 years of the Wilmot State Bank, has been appointed assistant cashier.

### Illinois News

Major banking legislation, supported for introduction before the 82nd session of the Illinois General Assembly, is the subject of a media, banking industry and legislative background briefing to be held Tuesday, March 3 in Rock Island at the Sheraton Inn. The sessions, sponsored by the Association for Modern Banking in Illinois, will begin at 8:00 a.m.

**BATAVIA:** Promoted at the First National Bank were Marion L. Betz to auditor, Stephen V. Foley to assistant vice president and Phyllis A. Hartman to assistant cashier.

**CHICAGO:** Central National Chicago Corp., the holding company for Central National Bank, has reported that substantial midwestern investors have approached Central National's controlling shareholders concerning the sale of their stock ownership. A more definitive announcement is expected to be made in a few weeks.

**LANSING:** Luella M. Scheuneman has been promoted to assistant vice president of First National Bank. She has been with the bank 20 years.



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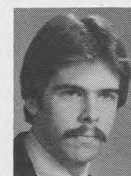
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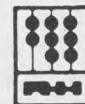
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