

# NORTHWESTERN

# Banker Newsletter

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## Bank Card Rates Lower, ABA Study Shows

**B**ANK credit card rates are lower today than they were in 1986, according to a national survey released Sept. 21 by the American Bankers Association. Overall, bank credit card terms vary widely with respect to interest rates and annual fees, the report concluded.

The average (fixed) interest rate for bank credit cards varied between 17.24 and 17.98 percent as of mid-year 1987, according to ABA's 1987 Retail Credit Report. This compares to 18.26 and 19.34 percent, respectively, in the first half of 1986. Community banks with assets of \$50 to \$100 million reported the lowest rates while banks under \$50 million in assets had the highest bank credit card rates.

The report shows that bank cards with variable rates were lower (ranging between 14.59 percent and 16.49 percent) than fixed-rate cards. Rates for affinity bank credit cards (those offered through an agreement between a card issuer and an organization that markets the card to its membership for various privileges) were also lower ranging between 16.89 percent and 17.65 percent.

The survey was released at ABA's 1987 Bank Card Conference in Orlando. The annual conference attracted more than 200 exhibitors and hundreds of banking and finan-

cial industry executives for a record-breaking attendance of more than 1500.

"The survey shows that bank card rates are more competitive than ever before," said Maria Gerwing, incoming chairperson of ABA's Bank Card Division. "Today consumers have more choices. Besides lower rates, banks are offering more flexible credit card programs either through variable or tiered pricing or through affinity programs, which are becoming one of the fastest growing market segments in the bank card industry," said Ms. Gerwing who is also a senior vice president of Liberty National Bank & Trust Company, Louisville, Ky.

The ABA research shows that bank card rates, fixed and variable, were lowest in the New England (16.33 and 14.80 percent respectively) states and in Arkansas, Louisiana, Oklahoma, and Texas (16.40 and 14.00 percent respectively) and highest in the Mountain (Ariz., Colo., Idaho, Mont., Nev., N.M., Utah and Wyo.) region (19.21 and 16.14 percent respectively).

Florida and the others in the South Atlantic region reported an average fixed rate of 17.52 percent. A summary of regional (fixed) rates follows: 16.33 percent, New England; 16.40 percent, Arkansas, Loui-

siana, Oklahoma, Texas; 17.26 percent, New Jersey, New York, Pennsylvania; 17.43 percent, Pacific (Calif., Hawaii, Ore. and Wash.); 17.52 percent, South Atlantic; 17.54 percent, Alabama, Kentucky, Mississippi, Tennessee; 18.17 percent, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; 18.24 percent in Wisconsin, Illinois, Indiana, Michigan, Ohio; and 19.21 percent, in the Mountain region.

"A significant finding is that grace periods have not been reduced or eliminated," said Ms. Gerwing. "On the contrary, the study shows the majority of banks (between 68 percent and 81.6 percent) wait three to four weeks after a credit card purchase before charging interest," she said. "This allows consumers to get, in effect, an interest-free loan for 25 to 30 days."

Not surprisingly, the grace period or "free-loan" option has great appeal, Ms. Gerwing noted. According to the survey, between 29 and 37 percent of card holders pay their balance in full each month and avoid paying interest charges.

The bank card survey, included in ABA's annual Retail Bank Credit Report, covers trends and developments of 1986 and the first quarter of 1987. A national sample of 614 banks participated in the survey which was designed to offer a representative picture of retail banking activities within the industry. □



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Correspondent Services

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Jay Nichols

**House Passes H.R. 3030**

Late last Tuesday the House passed H.R. 3030 with a vote of 365-45. The bill provides at least \$2.5 billion to rescue the Farm Credit System, and provides for a secondary market for farm mortgage loans. Among restrictions added Tuesday was a limit on the size of loans that can be included in the new market, capping the loans at 960 acres or \$1.5 million, whichever is higher.

Meanwhile, in the Senate the Agricultural Credit subcommittee is making slow progress with their farm credit bill, and the Reagan administration has threatened to veto the House bill.

**Iowa News**

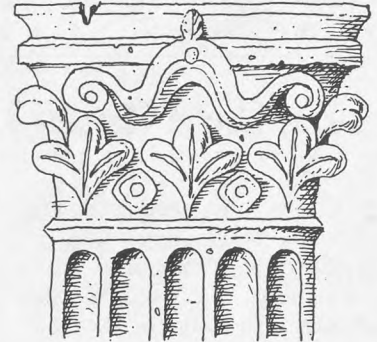
**NORTHWOOD:** Kary S. Paulson has been appointed president of the Northwood State Bank. He was formerly vice president and cashier and has served the bank since 1973. He succeeds Velma Woodin, who has retired.

**VINTON:** Jon M. Kremer has joined the State Bank of Vinton as assistant vice president and manager of the bank's Garrison office. Mr. Kremer previously served at the American Trust & Savings Bank, Dyersville office and the Farm Credit System, Manchester office.

**Nebraska News**

The Nebraska Bankers Association will sponsor an Executive Planning Conference on Oct. 29-30 at the Lincoln Hilton Hotel. During the gathering, the results of the NBA research project on public opinion regarding financial institutions will be shared. On the 29th, registration/continental breakfast is at 8:30 a.m., followed by a presentation on the study from 9:00 to noon, lunch, and additional sessions starting at 1:00. Reception is at 5:30 and dinner with speaker at 6:30. On the 30th, breakfast is at 8:30 and sessions from 9:00 until noon. Fee is \$20 and includes all meals; fee for guests at the reception/dinner is \$20. Register through the NBA office.

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**Minnesota News**

**BRAINERD:** R. Alan Lichty recently joined First American Bank in Brainerd as senior vice president for loan services. He was previously senior vice president, commercial lending at First Bank, St. Cloud. He spent 19 years with First Bank System.

**MINNEAPOLIS:** Robert H. Weisman has been named senior managing director and head of mergers and



**Dick Retz**

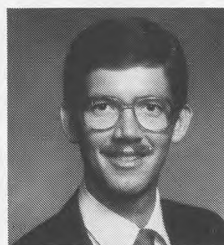
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acquisitions for the FBS merchant banking group. He previously served as senior vice president for corporate finance at Dain Bosworth Inc.

**MINNEAPOLIS:** Norwest Corporation has named John E. Thomas vice president and assistant general counsel in charge of legal affairs for its banking group, a new position. He previously served as senior vice president, general counsel and secretary of ITT Consumer Financial Corp., based in Minneapolis. He has been with ITT since 1975, and prior to that served seven years on the legal staff with Ford Motor Company in Dearborn, Mich.

**SARGEANT:** Joseph M. Collins has been elected president of the First American State Bank of Sargeant. He previously served as executive vice president and cashier, and will retain the latter title. He joined the bank in 1985.

**Illinois News**

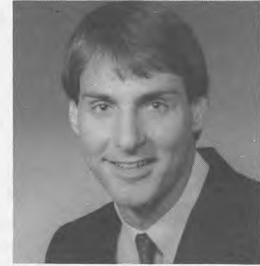
**CHICAGO:** At the Federal Reserve Bank of Chicago, the following people were promoted to vice presidents: David Epstein and Geoffrey Rosean, supervision and regulation and loans department and Teri Kurasch, associate general counsel.

**CHICAGO:** At LaSalle National Bank, Terence P. Brennan has been appointed head of the municipal bond department. He joins LaSalle's treasury group as senior vice president. He served the past nine years with Prudential-Bache Securities. In addition, Deborah Grudzien was appointed vice president of metropolitan banking; Jan Friedhofer Kohl, v.p. of international institutional

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Steve Brewer  
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marketing in the institutional services division of the trust department, and Jose Santillan, v.p. of the investment strategy and research group.

**North Dakota News**

The Independent Community Banks of North Dakota will sponsor a Regulatory Compliance Update Seminar on Oct. 21 at the Bismarck Sheraton Galleria. Seminar leader will be T. Herbert Stevenson, executive vice president of Young & Associates, Inc., Kent, Oh. He is an author and lecturer with extensive knowledge in compliance. Registration fee is \$95 and includes manual,

continental breakfast and lunch. For more information, contact the ICB-ND at (701) 258-7121.

\* \* \*

The North Dakota Bankers Association will present an IRA Update on Nov. 4 at the Doublewood Inn in Fargo, and IRA In-Depth on Nov. 5 at the Sheraton Galleria in Bismarck. Speaker at the seminars will be Randy Heidmann of Collin Fritz & Associates, Ltd. Fee for the update is \$30, fee for the in-depth seminar is \$80, and fee for both is \$95. You must register for the in-depth seminar or both by Oct. 21. Contact the NDBA office for more information.

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Position open for person with 6-7 yrs. **AG LOAN** experience in a \$35-40MM Iowa bank. Send complete resume to: Box 477, Hampton, IA 50441. (PA)

**AG LOAN OFFICER** to manage \$9.5MM ag loan portfolio in \$35MM bank. N.W. Iowa. Must have minimum 3-5 yrs. ag lending experience. Send resume to File No. WKZ c/o Northwestern Banker. (PA)

**VP**. Immediate opening for 2nd officer position in \$26MM bank located in scenic S.E. Minnesota community. Requires proven experience in all areas of bank operations with expertise in agricultural, commercial & real estate lending with full knowledge of FHA & SBA programs. Compensation will commensurate based on qualifications & experience. Send resume to File No. WLA c/o Northwestern Banker. (PA)

**\$22 MM** bank seeking an experienced **INSTALLMENT LENDER**. Will also handle light commercial and real estate. Knowledge of secondary real estate lending helpful. Send resume and salary history to File No. WLB c/o Northwestern Banker. (PA)

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