

Approved \_\_\_\_\_

Date

*Clyde Graeber* 3/31/87

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

The meeting was called to order by Clyde D. Graeber at \_\_\_\_\_  
Chairperson

3:30 ~~am~~/p.m. on March 25, 1987 in room 527-S of the Capitol.

All members were present except: Mary Jane Johnson, Excused

Committee staff present: Bill Wolff, Legislative Research Department  
June Evans, committee secretary

Conferees appearing before the committee: Senator Frank Gaines  
Pete McGill, Kansas Independent Bankers Assn.  
Cy Moyer, Kansas Independent Bankers Assn.  
John Tincher, Kansas Independent Bankers Assn.  
Howard Tice, Executive Director, KS Association  
of Wheat Growers  
Ivan Wyatt, President, Kansas Farmers Union

Chairman Clyde D. Graeber opened the meeting.

Senator Frank Gaines testified against Senate Bill 72 saying it is not in the best interest of the people of Kansas. In terms of economic development, it will benefit urban areas. Bank capital will not stay in the home communities. Deposits should stay in the town where the people invest and do the banking business. The people in the community now employed by the bank will lose their jobs, it is inefficient and there will not be any personal contact. If the bill passes, banks will sell for more money than they are worth; therefore, many small banks will be sold. (Attachment I).

Representative Sand said you can have loyalty to a small town and not live in that town, right? Senator Gaines agrees; he does not live in the town he owns the bank in but is there much of the time.

Pete McGill, Independent Bankers Association, introduced John Tincher, President of Kansas Independent Bankers Association who testified against SB 72.

Cy Moyer, Chairman of the Board, Phillipsburg, testified against SB 72, stating the Kansas Bankers Association did not listen to their sub-committee report. The sub-committee felt that last year's SB 432 was a good bill and should leave it in place and see if it does not take care of the banking problems. Branching reduces the number of capitalized banks and consolidates offices. Branching weakens the competitive price of service. Is big better? Will branch banking help the public. It is believed money should be invested locally. In other states where they have branch banking they do not have a local board of directors. The county commissioners were asked in a survey if they preferred branch banking, and 46% said "no". If people in the community don't want branch banking who does. It is the local control and ownership that has made Kansas great. (Attachment II).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS,  
room 527-S, Statehouse, at 3:30 ~~x&x~~ p.m. on March 25, 1987

Representative Green asked how much service would a branch have to give. It would be up to the Board of Directors in that bank.

John Tincher stated nothing would be required under the law.

We were told that 611 banks belong to the Kansas Bankers Association and there are a total of 613 banks in Kansas.

Howard Tice, Executive Director, Kansas Association of Wheat Growers, told this is a bankers problem and do not get involved. If branching is approved, then KBA will next be back asking for interstate banking. We must preserve service. It is becoming harder and harder to find. (Attachment III).

Ivan W. Wyatt, President, Kansas Farmers Union - affiliated with the national union of farmers. Testified against SB 72, concerned that ideas are being fostered in the legislative session under the guise of economic development. He testified that the state's largest industry, agriculture, is in the greatest need of economic re-development and refinancing. It is the home town banker that helps the farmer. (Attachment IV).

Representative Graeber stated that each proponent and opponent would be given 5 minutes to speak on SB 72 on Thursday before the final action.

The meeting was adjourned at 5:10 p.m.

Date: March 25, 1987

GUEST REGISTER

HOUSE

COMMERCIAL & FINANCIAL INSTITUTIONS COMMITTEE

NAME	ORGANIZATION	ADDRESS
Swan W. Wyatt	Ks Farmers Union	M Pherson
Chuck Stones	Ks Bankers Assoc	Topeka
Ann Harrington	Ks Bankers Assn	Topeka
Jim McLean	" " "	"
Jim Feber	absent	Topeka
Lynn Van Wert	KLSI	Topeka
WB Damon	Pete McGill & Associates	Topeka
Rene Haddock	Bank of Huntington Observer	Huntington
Harold Stover	KBA	Topeka
Alan Stepp	McGill Assoc.	Topeka
Alvie Price	KBA	Topeka
Sandra M. Gill	KIBA	"
M. R. Ashby		Elgin, IL
Pete Mitchell	KIBA	Topeka
Frank Davis	Ks Senate	El Dorado



1871

115 Years

1986

CONSOLIDATED STATEMENT OF

First National Bank  
Fredonia, Kansas

At Close of Business  
December 31, 1986

ASSETS

Loans .....	\$ 9,641,000
U.S. Government Securities.....	16,558,000
Municipal and other Securities.....	1,490,000
Federal Funds Sold.....	1,150,000
Cash and Due From Banks.....	1,708,000
Bank Premises, Furn. & Equip.....	230,000
Income Earned Not Collected.....	605,000
Other Assets.....	220,000
	<u>\$31,602,000</u>

LIABILITIES

Common Capital Stock.....	\$ 150,000
Surplus.....	300,000
Undivided Profits and Reserves.....	2,160,000
Accrued Expenses.....	512,000
Deposits.....	28,480,000
	<u>\$31,602,000</u>

The above statement is correct.  
Kent C. Chambers, VP & Cashier

OFFICERS, DIRECTORS & EMPLOYEES

- \* Franklin D. Gaines.....Chairman
- \* C. T. Parker.....Director
- \* Howard L. Sell.....Director
- \* W. W. Stover.....Director
- \* William Falstad.....Director
- \* M. D. Jeffers.....President
- M. C. Barnes.....Vice President
- Kent C. Chambers.....VP & Cashier
- Elizabeth Armstrong.....Asst. Cashier
- Norma Troutman.....Asst. Cashier
- Linda Farwell.....Receptionist-Secretary
- Susan Voorhies..... Receptionist-Secretary
- Sandra Odell.....Computer-Operations
- Mary Puckett.....Proof
- Kathy Seiler.....Teller
- Joni Vorhees.....Bookkeeper
- Elizabeth Ballinger.....Drive-in Teller
- Judy Armstrong.....Internal Auditor
- Cindy Durham.....Teller
- Mary Ann Barnes.....General
- Arthur Miller.....Ag Representative

\* Indicates Director

ATCH I

## BRANCH BANKING IS A BAD IDEA

1. STATEWIDE BRANCH BANKING LESSENS THE NUMBER OF BIDDERS FOR FAILED AND FAILING INSTITUTIONS.

"Tests support the conclusion that acquiring firms do not typically acquire poor performers, nor do they purge the system of bad management." These findings clearly question the view that mergers would result in any gains of efficiency or significantly improved prices or services."

.....Stephen A. Rhoades, Economist.

2. BRANCH BANKING REDUCES THE NUMBER OF INDIVIDUAL CAPITALIZED BANKS AND CONSOLIDATES BANK OFFICES.

Between 1959 and 1981, the number of unit banks in Virginia dropped from 207 to 46. Until 1962, Virginia limited branching to counties adjacent to the county of the banks' head office. Then its law was changed to permit branching by merger, statewide.

The number of unit banks dropped by 46% in states with statewide branching from 1959 and 1981, and by 35% in limited branching states.  
(see appendix).

....F.D.I.C.

3. STATEWIDE BRANCHING CONCENTRATES BANKING SERVICES AWAY FROM RURAL AREAS AND INTO URBAN AREAS.

Of the 19,000 branches in statewide branching states in 1980, almost two-thirds were located in SMSAs (Standard Metropolitan Statistical Areas - an economic development term for urban areas).

Most of the new branches added in these states in between 1970 and 1979 were opened in SMSAs.

California - 954 (85%) branches opened in SMSAs.

North Carolina - 614 (65%) branches opened in SMSAs.

NV - 84%; AZ - 81% ; CT - 74%; and DE - 64%.

.....Lewis Markus, economist.

4. ALLOWING STATEWIDE BRANCH BANKING DOES NOT HELP SMALL COMMUNITIES.

"In smaller towns and villages, those usually expected to benefit from expanded branching, the average number of banking offices differs little between branch banking states and unit banking states.

There are grounds for concluding that branching is conducive to anti-competitive changes in bank market structure."

....Larry R. Mote, Economist.

Of the 627 cities in Kansas, 532 of them each have fewer than 2,500 people --that includes 49 county seat cities.

....William M. Eberle, Asst. Dir.  
of Extension, Community Develment, KSU.  
Perennial Issue: Branch Banking,"

5. BRANCH BANKING DOES NOT HELP THE PUBLIC. IT WILL COST THEM MORE.

"Branch banks tend to have higher service charges on demand deposits than do unit banks."

.....Larry R. Mote, Economist.

Statewide branching has been in effect in California since 1909, accelerating in the 1950's.

Among it's legacies are the Bank of America, and a lopsided banking structure - the nine largest banks operate 2,836 branches and have combined deposits of \$72 billion, 86.6% of the state's total.

"Allowing unlimited statewide branch banking tends to develop monopolistic and oligopolistic advantages...to the large banks that do not accrue to the benefit of the customer."

"Our surveys of low-income and depressed communities (in California) show them to be substantial exporters of capital through the branch-banking process.

For example, the Mission area of San Francisco is one of low- and moderate- income families and is an older community. The loan-to-deposit ratio of all banks in the area is about 23%, which compares to a statewide average of 64%."

.....Carl J. Schmitt, Superintendent of  
Banks, State of California.

"Typical findings have been that higher concentration in local markets is associated with higher interest rates on business loans, consumer loans and mortgages, and lower interest rates paid on time and savings deposits."

....U.S. Senate Subcommittee.

6. BRANCH BANKING HAS A HARMFUL EFFECT ON SMALL BUSINESS AND AGRICULTURE.

"Research suggests that variations in banking structure primarily affect the credit conditions of small business more than those for larger businesses.

"....increase market concentration leads to higher loan rates for small business firms. Moreover, to the extent that the expansion of branch banking is associated with higher levels of concentration, the COST of small business credit would be ADVERSELY INFLUENCED.

"Agricultural firms and those who borrow frequently are also more likely to find their credit needs unmet (with branch banking).

....Mandell and Struck, authors.



7. THE PUBLIC SAYS NO TO BRANCH BANKING.

Kansas - County Commissioners, representing the citizens of 45 Kansas counties, signed a resolution stating opposition to statewide branch banking.

Colorado - By an overwhelming vote of 74.5 percent voters defeated a 1980 branch banking referendum.

Missouri - In the middle 1950's, the voters in Missouri defeated a statewide branch banking measure.

8. BRANCH BANKING ELIMINATES LOCAL BOARDS OF DIRECTORS.

In Kansas, Nebraska, North Dakota, and Missouri, neither bank branches nor savings and loan branches have ANY boards of directors.

In those states, the parent S & L or bank's directors make the decisions for both the branch and the parent financial institution. It appears that is the case in most states which have branches.

The further away the parent from the branch, the further away the decisions are made.

Our current system of banking provides for local control through local boards of directors.

....Personal Inquiry

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# BRANCH BANKING - A BAD IDEA

## APPENDIX

PAGE 1:

Stephen A. Rhoades, "The Operating Performance of Acquired Firms in Banking Before and After Acquisition," Staff Study of the Board of Governors of the Federal Reserve, April 1986.

F.D.I.C. -

Annual Report, 1959, FDIC, Table 102, pp.112-119.  
Changes Among Operating Banks and Branches, 1970,  
FDIC, Table 7, pp. 16-25.  
Changes Among Operating Banks and Branches, 1975,  
FDIC, Table 7, pp. 16-26.  
Changes Among Operating Banks and Branches, 1980,  
FDIC, Table 7, pp. 16-26.  
Changes Among Operating Banks and Branches, 1981,  
FDIC, Table 7, pp. 16-26.

Lewis Markus, article from Independent Bankers Magazine, December 1980.

PAGE 2:

Larry R. Mote, "The Perennial Issue: Branch Banking," Business Conditions, Federal Reserve Bank of Chicago, February 1976.

William M. Eberle, Assistant Director, Community Development, Cooperative Extension Service, Kansas State University, before the Kansas Economic Development Task Force on Agriculture, September 1986.

PAGE 3:

Carl J. Schmitt, Superintendent of Banks, State of California, before the Senate Subcommittee of Financial Institutions, Dec. 8, 1976, San Francisco Hearings on Federal Branching Policy, 94th Cong., 2nd Sess.

U.S. Senate Subcommittee, "Compendium of Issues Related to Branching by Financial Institutions," Subcommittee on Financial Institutions, U.S. Senate, October 1976.

L. Mandell and P.L. Struck, "The Effect of Bank Deregulation on Small Business," Journal of Finance, June 1983.

## TRENDS OF BRANCHING CONCENTRATION

CHANGES OF THE NUMBER OF INSURED COMMERCIAL BANK OFFICES  
BY STATE AND TYPE OF BRANCHING  
1959 - 1981

<u>Statewide Branching:</u>	# of Unit Banks in State				
	1959	1970	1975	1980	1981
Alaska.....	5	3	2	1	0
Arizona.....	4	3	6	10	7
California.....	54	25	67	102	107
Connecticut.....	30	14	15	10	8
Delaware.....	13	9	7	6	7
District of Columbia.	1	1	3	4	4
Hawaii.....	1	0	0	1	1
Idaho.....	24	11	10	5	5
Maine.....	23	7	4	3	3
Maryland.....	87	44	38	15	12
Nevada.....	2	2	1	2	4
New Hampshire.....	-	-	-	-	-
New Jersey.....	-	-	-	21	-
New York.....	-	-	-	60	56
North Carolina.....	100	30	22	14	11
Oregon.....	32	18	16	33	37
Rhode Island.....	1	0	3	2	0
South Carolina.....	99	40	27	20	15
South Dakota.....	145	122	110	101	100
Utah.....	33	28	40	46	31
Vermont.....	43	17	6	5	4
Virginia.....	207	82	86	49	46
Washington.....	64	40	37	34	32
TOTAL.....	968	496	500	544	524

Total percent of decrease 1959 - 1981 = 46%.

<u>Limited Branching:</u>	# of Unit Banks in State				
	1959	1970	1975	1980	1981
Alabama.....	214	183	158	135	126
Arkansas.....	-	-	120	97	97
Florida.....	-	-	-	173	135
Georgia.....	333	326	228	171	160
Indiana.....	333	211	162	118	114
Iowa.....	-	-	-	372	364
Kentucky.....	204	204	166	119	111
Louisiana.....	123	97	88	73	69
Massachusetts.....	77	37	20	13	14
Michigan.....	260	128	88	64	59
Minnesota.....	-	-	-	559	539
Mississippi.....	124	68	53	31	27
New Hampshire.....	68	43	28	21	-
New Jersey.....	127	46	35	-	-
New Mexico.....	27	17	19	22	20
New York.....	249	105	68	-	-
Ohio.....	412	235	163	108	100
Pennsylvania.....	518	212	133	94	88
Tennessee.....	223	162	127	80	80
Wisconsin.....	459	435	420	382	374
TOTAL.....	3,831	2,509	2,076	2,632	2,477

Total percent of decrease 1959 - 1981 = 35%

=====  
Sources: Annual Report, 1959, FDIC, Table 102, pp.112-119.  
Changes Among Operating Banks and Branches, 1970,  
FDIC, Table 7, pp. 16-25.  
Changes Among Operating Banks and Branches, 1975,  
FDIC, Table 7, pp. 16-26.  
Changes Among Operating Banks and Branches, 1980,  
FDIC, Table 7, pp. 16-26.  
Changes Among Operating Banks and Branches, 1981,  
FDIC, Table 7, pp. 16-26.

( PURPLE )

\*The following is a list of the counties whose commissioners signed a resolution opposing branch banking:

ALLEN	MARSHALL
BROWN	MITCHELL
BUTLER	MORTON
BARBER	NEMAHA
COFFEY	NESS
CHAUTAUQUA	NORTON
COMMANCHE	OSAGE
CLARK	OSBORNE
CLAY	POTTAWATOMIE
CHEROKEE	PHILLIPS
CHEYENNE	RICE
DICKINSON	RUSH
DONIPHAN	RUSSELL
EDWARDS	REPUBLIC
FRANKLIN	STAFFORD
GOVE	SHERIDAN
HASKELL	SHERMAN
JEFFERSON	SMITH
JACKSON	STEVENS
KINGMAN	WABAUNSEE
KIOWA	WICHITA
LINN	WILSON
MIAMI	

\*Actual signed resolutions are on file in the KIBA office.

RESOLUTION TO OPPOSE STATEWIDE BRANCH BANKING

We believe that local government units in Kansas should follow policies that promote, serve and protect the communities they govern. It is with this premise that we oppose the introduction of statewide branch banking.

The introduction of branch banking in this state has the potential to unduly concentrate both economic and political power into the control of a few financial institutions. We believe that this would be contrary to the interests of the people of this state and our mission to oversee the economic health of our local county.

The present proposal to authorize statewide branch banking in Kansas cannot bring benefits without harms. The reallocation of credit which can result from branch banking will be to the detriment of the backbone of the Kansas economy - namely small business, agriculture and the individual account holder.

Therefore, we urge that members of the Kansas legislature and the governor of the state of Kansas turn their attention to other actions more pressing than the enactment of branch banking in the state of Kansas.

\*\*\*\*\*

Date: \_\_\_\_\_ Signed by the County  
Commissioners of \_\_\_\_\_ County, Kansas.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



STATE BANK OF BERN

PHONE 913-336-8121

BERN, KANSAS 66408

Nov. 13, 1986

OFFICERS

JAMES E. SHEIK, Chairman  
WILLIAM J. SHEIK, President  
JAY FANKHAUSER, Exec. Vice Pres.  
CHARLES ROSENGARTEN, Vice Pres. & Cashier  
NANCY BAUMGARTNER, Asst. Cashier

KANSAS BANKERS ASSOCIATION  
707 Merchants National Bldg.  
Topeka, Kansas 66612

ATT: State Affairs Committee

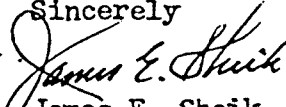
Gentlemen:

Yesterday I received the attached survey questionnaire which did nothing but make me mad and extremely upset with the KBA State Affairs Committee. It is hard to believe that this Committee could resort to such underhanded tactics.

1. Any affirmative answer to the four questions on the survey can be used as a vote for "branch banking" and with your past record, I feel quite strongly that it will be used in that manner.
2. I was on the KIBA Committee that met with representatives from the KBA State Affairs Committee (at your request) in Newton on October 16th to discuss SR 432 that was passed last year. It seems your Committee felt there were some flaws in the language of the Bill that needed corrected and a spirit of unity was needed in the banking business. It is easy for me to see now that I drove over 400 miles and wasted a whole day and your Committee (or at least your representatives) was dishonest as to the purpose of the meeting.

It is my opinion that we in the banking business today have some really serious problems and branching county-wide or state-wide isn't one of them. We should have a three or four year moratorium on legislation concerning bank structure until we can see what we got now. Our biggest industry in Kansas is agriculture and it is sick. It needs to become profitable again. When the profit comes back to our customers, it will come back to us. We need unity to get this done but we sure are not going to get it with creating more distrust through legislative maneuvering.

Sincerely

  
James E. Sheik  
Chm Bd

*To Our  
Customers*



**First Bank  
System**

Dear Customer,

As you are perhaps aware, management and employees of your bank have been given the opportunity to purchase this facility by First Bank System. During this process we will conduct business as usual — our services will continue and the same familiar people will be here to serve you. Here are the answers to a few questions you may have.

● ***Why is my bank being sold?***

With deregulation occurring in the financial services industry, a change in the delivery of financial services has become inevitable. We believe many smaller communities can be more effectively served by a local community bank. First Bank System operates as a multi-state banking organization and must concentrate their resources on those activities and markets where they feel they have a distinct competitive advantage.

● ***How will I be affected while the bank is for sale?***

Nothing has changed. You can continue to bank at your First Bank as always. It is business as usual and your deposits will continue to be insured by the FDIC.

● ***How and when will the sale happen?***

Your bank's management and employees have been given the opportunity to purchase the bank. If that purchase does not materialize, discussions will then be held with other prospective buyers who will maintain a stable financial presence in the community. The timing of the sale will depend on the purchaser and regulatory approval.

It is our intention to manage the changes in a way that minimizes the disruption to our customers and employees. We intend to take the time that's necessary to assure an orderly transition.

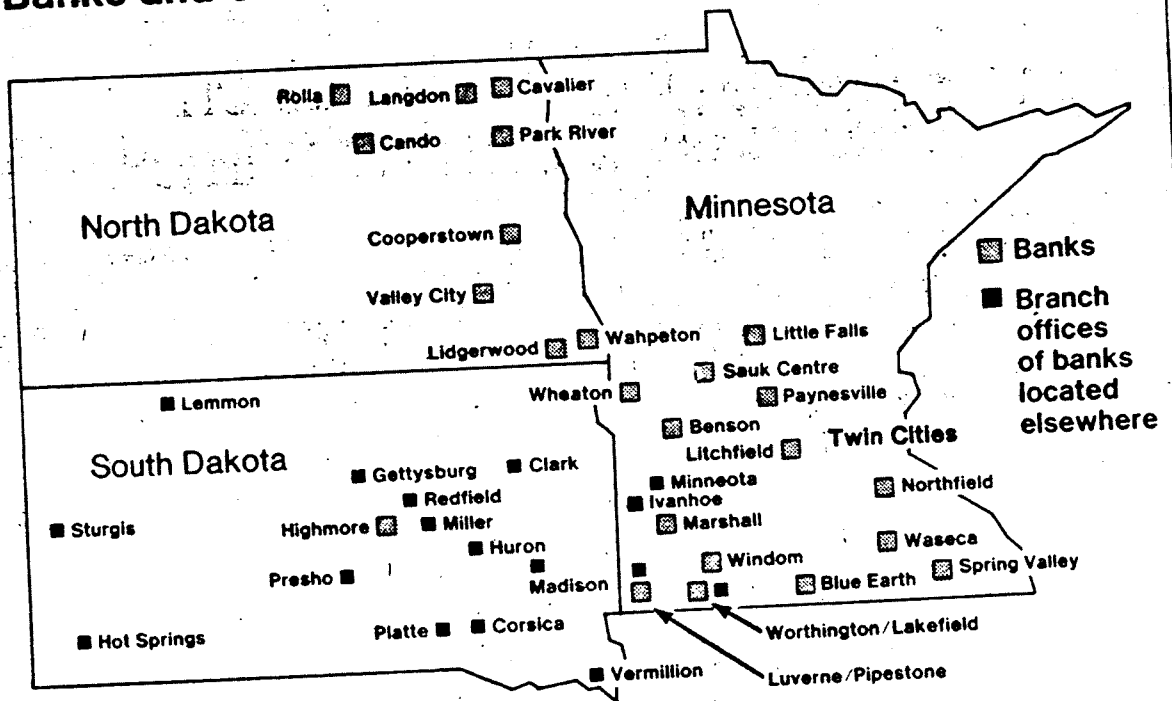
We sincerely appreciate the opportunity to serve you. If you have any additional questions, please give us a call.



**First Bank System**



# Banks and offices to be sold by First Bank System



## Montana/

- Forsyth
- Fort Benton
- Lewistown
- Livingston

Source/First Bank System, Inc.  
Star and Tribune graphic

KANSAS BANKERS ASSN.  
707 MERCHANTS NTL. BLDG.  
913/232-3444 TOPEKA, KS 66612

Please return to the KBA office at the address listed above by (date)

Please check your response for each question. Answer each question as though it is the ONLY alternative available. Measure each of the four options against the present law.

1. Do you favor or oppose county-wide branching with no limitation as to size or number?

\_\_\_\_\_ Favor \_\_\_\_\_ Oppose

2. Do you favor or oppose county-wide branching through acquisition with no newly-chartered branches authorized?

\_\_\_\_\_ Favor \_\_\_\_\_ Oppose

3. Do you favor or oppose state-wide branching through acquisition with no newly-chartered branches authorized?

\_\_\_\_\_ Favor \_\_\_\_\_ Oppose

4. Do you favor or oppose regional reciprocal interstate banking by acquisition?

\_\_\_\_\_ Favor \_\_\_\_\_ Oppose

Bank size in assets as of 6/30/86 is \$ \_\_\_\_\_

RESULTS OF SURVEY CONDUCTED BY THE KANSAS BANKERS ASSOCIATION.....

	A	B	C	D	E	F	G	H
1	<b>BANK OWNERS SURVEY ON STRUCTURE AS OF NOVEMBER 24, 1986</b>							
2								
3	<b>1. Do you favor or oppose county-wide branching with no limitation</b>							
4	<b>as to size or number?</b>							
5								
6	<b>SIZE GROUPS</b>		<b>TOTAL</b>	<b>FAVOR</b>	<b>%</b>	<b>OPPOSE</b>	<b>%</b>	<b>NO REPLY</b>
7	Below \$10 million		104	37	36%	67	64%	
8	\$11 thru \$25 million		143	54	38%	89	62%	
9	\$26 thru \$50 million		107	41	38%	64	60%	1
10	\$51 thru \$100 million		54	33	61%	22	41%	
11	Over \$100 million		32	25	78%	7	22%	
12	<b>TOTAL RESPONSE</b>		<b>440</b>	<b>190</b>	<b>43%</b>	<b>249</b>	<b>57%</b>	<b>1</b>
13								
14								
15	<b>2. Do you favor or oppose county-wide branching through acquisition</b>							
16	<b>with no newly-chartered branches authorized?</b>							
17								
18	<b>SIZE GROUPS</b>		<b>TOTAL</b>	<b>FAVOR</b>	<b>%</b>	<b>OPPOSE</b>	<b>%</b>	<b>NO REPLY</b>
19	Below \$10 million		104	62	60%	41	39%	1
20	\$11 thru \$25 million		143	94	66%	47	33%	2
21	\$26 thru \$50 million		107	74	69%	30	28%	3
22	\$51 thru \$100 million		54	37	69%	16	30%	1
23	Over \$100 million		32	27	84%	4	13%	1
24	<b>TOTAL RESPONSE</b>		<b>440</b>	<b>294</b>	<b>67%</b>	<b>138</b>	<b>31%</b>	<b>8</b>
25								
26								
27	<b>3. Do you favor or oppose state-wide branching through acquisition</b>							
28	<b>with no newly-chartered branches authorized?</b>							
29								
30	<b>SIZE GROUPS</b>		<b>TOTAL</b>	<b>FAVOR</b>	<b>%</b>	<b>OPPOSE</b>	<b>%</b>	<b>NO REPLY</b>
31	Below \$10 million		104	45	43%	59	57%	
32	\$11 thru \$25 million		143	80	56%	62	43%	1
33	\$26 thru \$50 million		107	65	61%	41	38%	1
34	\$51 thru \$100 million		54	36	67%	16	30%	2
35	Over \$100 million		32	26	81%	5	16%	1
36	<b>TOTAL RESPONSE</b>		<b>440</b>	<b>252</b>	<b>57%</b>	<b>183</b>	<b>42%</b>	<b>5</b>
37								
38								
39	<b>4. Do you favor or oppose regional reciprocal interstate banking</b>							
40	<b>by acquisition?</b>							
41	<b>SIZE GROUPS</b>		<b>TOTAL</b>	<b>FAVOR</b>	<b>%</b>	<b>OPPOSE</b>	<b>%</b>	<b>NO REPLY</b>
42	Below \$10 million		104	33	32%	70	67%	1
43	\$11 thru \$25 million		143	52	36%	91	64%	
44	\$26 thru \$50 million		107	47	44%	60	56%	
45	\$51 thru \$100 million		54	30	56%	24	44%	
46	Over \$100 million		32	24	75%	8	25%	
47	<b>TOTAL RESPONSE</b>		<b>440</b>	<b>186</b>	<b>42%</b>	<b>253</b>	<b>58%</b>	

\* Source: Kansas Bankers Association Testimony  
February 3, 1987 & March 23, 1987

1986 LIST OF LARGEST TEN FINANCIAL INSTITUTIONS IN KANSAS				
INSTITUTION	ASSETS IN \$000	TYPE	% 5-YEAR GROWTH	OUT-OF-CITY BRANCHES
Ottawa, Franklin Savings	3,481,398	S&L	1744%	8
Topeka, Capitol Federal Savings	2,483,192	S&L	74%	15
Salina, Peoples Heritage	1,489,966	S&L	1173%	17
WICHITA, BANK IV	1,424,108	BANK	65%	0
Wichita, Mid Kansas	870,464	S&L	146%	8
Kansas City, Anchor	838,228	S&L	99%	17
Wichita, American	734,647	S&L	121%	18
WICHITA, FIRST NTL	704,035	BANK	51%	0
Emporia, Columbia	474,230	S&L	420%	11
KANSAS CITY, SECURITY BANK	469,277	BANK	101%	0
3 of top 10 are Banks; 7 are S & L's				

\* Source: Kansas Bankers Association Testimony  
February 3, 1987 & March 23, 1987.

American Banker  
TOP 50 MORTGAGE HOLDERS

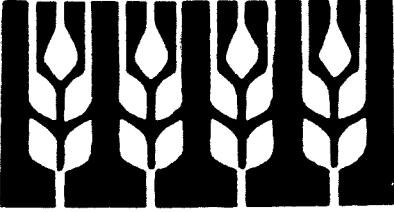
# Top 50 Thrifts in Mortgage Security Holdings

Based on Mortgage-Backed Pass-Through Securities Held in Portfolios on June 30, 1986  
(Dollar Amounts in Thousands)

Compiled by American Banker Copyright 1986

Rank 6/86		Total Mortgage Securities			Total Assets		Mortgage Sec. to Assets (%)		Interest Earned on Mortgage Securities			Operating Income 6/30/86	Mortgage Int. Earned to Operating Inc. 6/30/86
		6/30/86	6/30/85	% Chg.	6/30/86	6/30/85	6/30/86	6/30/85	6/30/86	6/30/85	% Chg.		
1	American Savings & Loan Assn., Stockton, Calif.	10,945,648	6,363,005	72.02	29,179,482	27,724,422	37.51	22.95	193,657	171,174	13.13	606,401	31.94
2	First Federal of Michigan, Detroit	3,944,393	3,176,672	24.17	10,550,686	9,095,913	37.39	34.92	81,834	93,682	-12.65	255,735	32.00
3	Gibraltar Savings, Beverly Hills	3,919,130	891,496	339.61	10,358,704	7,401,827	37.83	12.04	92,141	21,238	333.85	269,589	34.18
4	Standard Federal Bank, Troy, Mich.	2,905,507	1,013,064	186.80	7,455,032	5,483,007	38.97	18.48	60,641	31,176	94.51	156,768	38.68
5	Franklin Savings & Loan Assn., Ottawa, Kan.	2,859,838	1,539,543	85.76	3,481,398	1,783,400	82.15	86.33	74,656	44,741	66.86	89,264	83.64
6	Columbia Savings & Loan Assn., Beverly Hills	2,569,023	1,440,504	78.34	7,322,457	5,781,153	35.08	24.92	67,294	53,254	26.36	237,264	28.36
7	Glendale Federal Savings & Loan Assn., Calif.	2,373,245	1,813,956	30.83	15,966,689	12,707,282	14.86	14.27	58,772	47,780	23.01	403,076	14.58
8	Home Savings of America FA, Irwindale, Calif.	2,359,816	2,417,769	-2.40	27,878,939	24,635,601	8.46	9.81	92,823	78,432	16.35	722,620	12.85
9	Crossland Savings, FSB, Brooklyn, N.Y.	2,337,616	1,090,870	114.29	7,855,960	6,547,935	29.76	16.66	42,849	21,509	99.21	163,597	26.19
10	World Savings, FS&LA, Oakland, Calif.	2,319,247	2,312,488	0.29	12,214,404	11,480,001	18.99	20.14	59,971	73,642	-16.56	325,564	18.42
11	Homestead Savings, FS&LA, San Francisco	2,247,797	596,414	276.89	5,060,565	3,306,314	44.42	18.04	55,676	18,106	207.50	135,009	41.24
12	Guardian Savings & Loan Assn., Houston	2,040,426	1,880,957	8.48	2,579,081	2,224,077	79.11	84.57	41,935	56,800	-26.17	57,504	72.93
13	TCF Banking & Savings, FA, Minneapolis	2,033,285	1,371,769	48.22	5,823,743	4,526,506	34.91	30.31	52,943	36,489	45.09	136,585	38.76
14	United Savings Assn., Houston	1,948,247	1,084,016	79.72	5,615,049	4,428,817	34.70	24.48	48,427	23,115	109.50	131,465	36.84
15	Benjamin Franklin Federal S&L Assn., Portland, Ore.	1,618,001	1,631,704	-0.84	4,394,547	3,861,452	36.82	42.26	49,101	51,085	-3.88	122,199	40.18
16	Coast Savings & Loan Assn., Los Angeles	1,521,687	541,788	180.86	8,044,701	6,297,860	18.92	8.60	33,683	19,218	75.27	200,403	16.81
17	Anchor Savings Bank FSB, Northport, N.Y.	1,410,116	677,087	108.26	7,328,381	4,393,222	19.24	15.41	31,267	15,850	97.27	168,885	18.51
18	Goldome FSB, Buffalo, N.Y.	1,392,152	1,185,564	17.43	12,290,494	11,353,425	11.33	10.44	26,237	23,455	11.86	272,359	9.63
19	Carteret Savings Bank, FA, Morristown, N.J.	1,390,914	1,202,955	15.62	5,345,308	5,103,287	26.02	23.57	35,218	35,514	-0.83	136,094	25.88
20	Community Federal S&L Assn., St. Louis, Mo.	1,379,688	548,382	151.59	4,363,265	3,548,136	31.62	15.46	28,242	15,025	87.97	97,948	28.83
21	Talman Home Federal S&L Assn., Chicago	1,297,827	1,359,376	-4.53	5,834,376	6,297,087	22.24	21.59	33,768	39,886	-15.34	137,795	24.51
22	Northeast Savings, FA, Hartford, Conn.	1,264,443	882,096	43.35	5,276,220	4,070,444	23.97	21.67	30,185	22,044	36.93	121,769	24.79
23	City Federal Savings Bank, Elizabeth, N.J.	1,208,013	370,942	225.66	10,194,595	7,982,888	11.85	4.65	31,835	7,540	322.21	269,992	11.79
24	MeraBank, FSB, Phoenix, Ariz.	1,197,990	1,331,593	-10.03	5,322,461	4,753,633	22.51	28.01	34,191	37,080	-7.79	157,516	21.71
25	Santa Barbara Savings & Loan Assn., Calif.	1,114,286	556,229	100.33	5,276,174	4,202,257	21.12	13.24	30,760	5,440	465.44	116,919	26.31
26	Great Western Savings FS&LA, Beverly Hills	1,075,101	454,856	136.36	3,416,953	2,694,323	31.46	16.88	24,709	10,297	139.96	84,489	29.25
27	Imperial Savings Assn., San Diego, Calif.	975,326	684,626	42.46	23,166,716	21,756,122	4.21	3.15	29,176	31,914	-8.58	642,441	4.54
28	Dime Savings Bank of New York FSB, New York	967,451	154,039	528.06	7,957,387	7,589,305	12.16	2.03	26,172	9,596	172.74	205,903	12.71
29	First Federal Savings & Loan Assn., Rochester, N.Y.	965,306	837,895	15.21	7,999,700	7,618,850	12.07	11.00	19,705	19,191	2.68	198,027	9.95
30	Bright Banc Savings Assn., Dallas	959,049	1,063,820	-9.85	4,635,586	4,496,060	20.69	23.66	24,568	27,226	-9.76	116,856	21.02
31	Florida Federal S&L Assn., St. Petersburg	950,540	514,382	84.79	4,612,430	2,149,708	20.61	23.93	18,798	16,816	11.79	100,675	18.67
32	Georgia Federal Bank, FSB, Atlanta	916,197	617,055	48.48	5,194,406	4,802,187	17.64	12.85	23,896	17,288	38.22	104,025	22.97
33	California Federal S&L Assn., Los Angeles	902,983	97,472	826.40	3,086,980	2,414,129	29.25	4.04	12,178	3,132	288.83	70,630	17.24
34	Pacific First Federal Savings Bank, Tacoma, Wash.	901,723	1,419,763	-36.49	19,253,289	16,628,729	4.68	8.54	29,430	48,505	-39.33	481,287	6.11
35	Seamen's Bank for Savings FSB, New York	899,420	66,192	1,258.80	3,627,491	2,613,750	24.79	2.53	28,266	1,342	2,006.26	97,604	28.96
36	Commercial Federal S&L Assn., Omaha, Neb.	885,245	371,128	138.53	3,189,257	3,091,155	27.76	12.01	20,258	7,313	177.01	80,306	25.23
37	CentTrust Savings Bank, Miami	869,511	442,098	96.68	3,001,023	2,552,149	28.97	17.32	22,107	11,880	86.09	77,916	28.37
38	Columbia Savings, FS&LA, Denver	827,480	736,432	12.36	5,421,883	4,347,439	15.26	16.94	23,447	25,664	-8.64	149,713	15.66
39	Empire of America FSB, Buffalo, N.Y.	804,822	409,031	96.76	2,660,310	2,526,705	30.25	16.19	18,046	15,894	13.54	63,299	28.51
40	Fortune Federal S&L Assn., Clearwater, Fla.	804,509	238,393	237.47	6,256,640	5,784,367	12.86	4.12	18,203	5,980	204.40	153,929	11.83
41	First Nationwide Bank, FSB, San Francisco	764,000	684,867	11.55	2,155,506	1,890,792	35.44	36.22	17,933	14,359	24.89	53,295	33.65
42	First Texas Savings Assn., Dallas	762,465	795,688	-4.18	12,995,194	10,491,296	5.87	7.58	18,121	22,066	-17.88	321,633	5.63
43	Long Island Svgs Bank of Centerach FSB, N.Y. (a)	742,186	523,915	41.66	3,902,537	3,606,386	19.02	14.53	15,701	11,505	36.47	87,331	17.98
44	D&N Savings Bank, FSB, Hancock, Mich.	724,673	973,774	-25.58	3,075,671	2,917,714	23.56	33.37	21,103	24,970	-15.49	72,479	29.12
45	Transohio Savings Bank, FSB, Cleveland	674,239	369,809	82.32	1,726,526	1,445,016	39.05	25.59	14,925	8,739	70.79	43,297	34.47
46	American Savings & Loan Assn. of Florida, Miami	634,916	293,082	116.63	3,580,270	2,899,179	17.73	10.11	15,708	6,083	158.93	94,941	16.68
47	Home Federal S&L Assn., San Diego, Calif.	632,896	816,346	-22.47	2,622,072	2,775,936	92.13	88.15	17,244	17,244	0.00	16,688	103.41

KANSAS ASSOCIATION  
OF WHEAT GROWERS



TESTIMONY

Senate Bill 72

House Committee on Commercial and Financial Institutions

Representative Clyde Graeber, Chairman

Submitted by Howard W. Tice, Executive Director

On behalf of the members of the Kansas Association of Wheat Growers, I appreciate this opportunity to present testimony in opposition to Senate Bill 72

Two years ago, in the Senate hearing on multi-bank holding companies, I heard the then-President of the Kansas Bankers Association say, in answer to a question from the committee, that if multi-bank holding companies became legal, they would be back asking for interstate multi-banking. We testified at that time, that the direction that path leads is toward more problems for agriculture, which is our state's number one industry. We testified that the removal of local control would mean a drastic loss of capital for farmers and rural businesses. Unfortunately, we failed to convince the legislature that our fears were real, or that agriculture is worth saving. We now have multi-banking in Kansas, and we are losing local control of our money.

Last year, we reluctantly supported the limited branch banking bill that passed, on the premise that it was needed to preserve banking services in one-bank towns. At that time, we reiterated our concern for unlimited branch banking, for the same reason we opposed multi-banking.

Last year, the Legislature apparently agreed that unlimited branch banking was not right for Kansas, and that proposal was pared back to the limited branch banking bill we reluctantly supported. This year, the KBA is back again with another statewide branch banking bill they are submitting as a so-called economic development incentive. Last year, this Legislature restricted branch banking to bank failures in one bank towns, expressing the position that it should be allowed only as a "last ditch" effort to preserve banking services for small communities. We content that this approach has not been in effect long enough to be declared a failure which is in need of replacement.

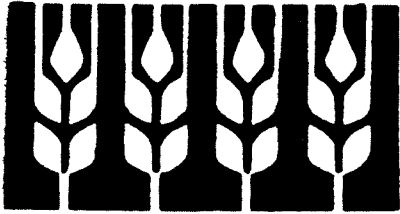
Senate Bill 72 is another step down the road toward interstate multi-banking. We have stated our opposition to multi-banking many times, on the basis that it leads to loss of local control of local depositors' money, and therefore, the loss of credit for agriculture. This is one instance where it hurts to be right, but what is happening in Kansas as local banks are being taken over by outside interests, is exactly what we in agriculture predicted would happen.

In Wakeeney, the President of the KAWG Del Wiedeman, who operates an insurance agency and the local Sears catalog store, in addition to farming, reports that the bank he has done business with for years, was taken over by outside interests. Not only did their understanding of local needs deteriorate badly, resulting in many problems for people locked into loan contracts, but local residents don't even know who really owns the bank now, and are therefore, denied access to the people who set policy.

In southwestern Kansas, a well run, efficient feedyard was forced into bankruptcy because the bank that held their \$10 million line of credit was taken over, and the new owners refused to take any agriculture loans. Even through they were completely current on their accounts, they lost their source of capital, and had to file for bankruptcy.

ATCH III

**KANSAS ASSOCIATION  
OF WHEAT GROWERS**



Testimony on Senate Bill 72

Page 2 of 2

In southeast Kansas, a farmer reported to me recently, that four banks in his area have been taken over by outside interests. The immediate change in policy that is noted, is a refusal to make agricultural loans. When the FDIC is involved in a bank failure, it is becoming a common practice for the new bank owners to refuse to take over outstanding ag-loans, which are then called by the FDIC.

Our number one industry is, and probably always will be agriculture. Our great state ranks number one in the nation in the production of wheat, grain sorghum, sorghum silage, in wheat flour milling capacity, and wheat flour milled, and in cattle slaughtered. We are number two in prime farmland, and in all cropland, as well as cattle and calves on farms, and in red meat production. These are not only assets to be proud of, they are assets to build on. Successful industries are those that build on their strengths, not some perception that they can expand into someone else's image. That is why statewide branch banking is not an economic development effort. Quite the contrary; Senate Bill 72 would provide even more deterrants to economic development of our major industry.

Kansas must move forward in the area of economic development. The term itself is the buzz-word this year. However, to realistically move ahead with economic development in Kansas, we must work from our strong foundation of agriculture. That is going to take capital. Making it harder to get agricultural credit is no way to build on our strengths, but that is what is happening in Kansas, as the KBA and large, urban center banks, move our state along the path toward interstate multi-banking.

Limited branch banking was enacted last year, supposedly to preserve banking services for small communities, and even farmers. The key word is services. Agricultural loans are a banking service that is, as we predicted, becoming harder and harder to find in the areas that need them the most.

As you weigh Senate Bill 72 in the light of the best interests of the people of our state, we believe you will find it seriously lacking in substance and support. The KBA testified in the Senate, that they surveyed bankers, and had a strong majority which now supports statewide branch banking. Considering the fact that only top banking officials, or major stockholders were surveyed, the reported results are not surprising. We must point out that depositors and loan customers of those banks were not asked to comment.

In fact, a glaring weakness in the proponents' case is that the only support is from the KBA. Since 90% of the money involved belongs to the people, not the bankers, and the bankers themselves, KBA and KIBA are split on the issue, it would seem quite difficult to justify passage of this bill.

In closing, I will again state that I agree with one comment made as part of the KBA testimony in the Senate hearing. Passage of Senate Bill 72 would be a win/win situation. However, it would be a win/win situation for bankers who wish to expand their control of capital in the state. It would not be a win/win situation for the Legislature. It would not be a win/win situation for economic development. It would be a losing proposition for the people of Kansas, particularly agriculture, our number one industry, and our best hope for realistic economic development for the future.

STATEMENT  
OF  
IVAN W. WYATT, PRESIDENT KANSAS FARMERS UNION

ON  
SENATE BILL NO. 72

(ALLOWING STATEWIDE BRANCH BANKING)

BEFORE THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

PRESENTED  
MARCH 24, 1987

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION. I AM ALSO A FARMER IN CHASE COUNTY. THEREFORE, NOT ONLY AS PRESIDENT OF THE KANSAS FARMERS UNION, BUT AS A FARMER, I AM CONCERNED THAT WE ARE SEEING EVERY KIND OF IDEA BEING FOSTERED IN THIS LEGISLATIVE SESSION UNDER THE GUISE OF ECONOMIC DEVELOPMENT.

LET ME ASK WHAT IS ECONOMIC DEVELOPMENT? WHAT IS ITS PURPOSE?

WHAT ABOUT ECONOMIC RE-DEVELOPMENT?

WHAT INDUSTRY IN THE STATE IS IN OF THE GREATEST NEED OF ECONOMIC RE-DEVELOPMENT AND RE-FINANCING?

THE STATE'S LARGEST INDUSTRY, AGRICULTURE.

WHO OF THE FINANCIAL INSTITUTIONS HAVE WE SAW STAND MORE STEADFASTLY WITH THE FARMERS AND RANCHERS OF THE STATE?

NONE OTHER THAN THAT LOCALLY OWNED AND LOCALLY CONTROLLED HOME TOWN BANKER.

WHILE ON THE OTHER HAND, WE HAVE SEEN WHEN A LOCAL BANK CHANGES OWNERSHIP OR CONTROL TO AN OUTSIDE GROUP OR ORGANIZATION, SUDDENLY THAT FARMER OR RANCHER IS TOLD WE NO LONGER WANT TO HANDLE AGRICULTURAL RELATED LOANS. YOU WILL HAVE TO FIND ANOTHER BANK, OR LENDING SOURCE. THIS SORT OF ACTION IS WHAT WILL CAUSE THE PROPHETS OF THE END OF THE KANSAS RURAL TOWNS TO COME TRUE. LET ME ASK YOU - HAVE YOU SEEN ANY URBAN BANK ADVERTISEMENTS SOLICITING AGRICULTURAL OR AGRICULTURAL RELATED LOANS? NO.

*ATCH*



SB-72 - PAGE 2  
MARCH 24, 1987

IT HAS BEEN THAT LOCAL BANKER DOWN IN THE TRENCHES WORKING WITH THAT FARMER OR RANCHER, NOT SOME LOAN OFFICER OF A URBAN BANK.

MAINTAINING RURAL BANKS THAT WILL SERVE NOT ONLY THE FARMER AND RANCHER BUT ALSO RURAL BUSINESSMEN IS AS IMPORTANT TO THE ECONOMY OF THE STATE OF KANSAS AS ANY ECONOMIC DEVELOPMENT SCHEME.

IF WE ALLOW STATEWIDE BRANCH BANKING TO SIPHON OFF DEPOSITS OF THE RURAL COMMUNITIES OF THE STATE, WE WILL WITNESS EVEN MORE DISASTROUS NEWS SUCH AS THAT RECENT ANNOUNCEMENT OF FURTHER LAY-OFFS AND SHUT-DOWNS, AND THE FORCED SALE OF THE HESSTON MANUFACTURING CORPORATION TO THE FIAT CORPORATION.

IF THE FUNDING OF AGRICULTURAL LOAN NEEDS ARE FURTHER CURTAILED, WE WILL HEAR MANY MORE SUCH STORIES ACROSS THE STATE, AS MORE AND MORE AG-RELATED MANUFACTURERS AND BUSINESSES ARE FORCED TO SHUT DOWN.

WE'VE SEEN MANY CHANGES IN KANSAS BANKING LAWS RECENTLY. BEFORE WE MAKE MORE CHANGES, LET'S SEE HOW THE ONES WE'VE MADE WORK.

LET'S NOT GO OFF CHASING ECONOMIC BUTTERFLYS, WHILE WE IGNORE THE NEEDS OF THE STATE'S LARGEST INDUSTRY, AGRICULTURE, OR PASS LEGISLATION SUCH AS SB-72 THAT WILL SERVE ONLY TO ESCULATE THE FINANCIAL PROBLEMS FACING THE STATE OF KANSAS.

THANK YOU.