



ALBERTA
WHEAT POOL
FARMER OWNED
CO-OPERATIVE
MILO

MILO

*I*n some stretches of the 1980s, only the ATB and credit unions would give a break to Alberta businesses. Their billions remained in Alberta, through thick and thin.”

Chip Collins, Deputy Provincial Treasurer 1971 to 1984



Cochrane Treasury Branch Manager Gerry Schloeter (left), greets Jim MacKay (right), founder of the legendary MacKay's Ice Cream, Cochrane, 1979

A steady partner



1980-1989

Alberta's economy took a downturn in the 1980s. Interest rates were over 20 per cent for a time, and by 1988 international oil prices had fallen from nearly \$30US to \$10US. The Alberta government's heavy reliance on oilpatch income made the drop in price a catastrophe. To add to the trouble, grain prices fell as well.

Still, people continued to flock to the province. Alberta's population hit a record 2.32 million on July 1, 1982. Unemployment rose to 12.4 per cent in March 1983, as compared to four per cent during the booming 1970s. By 1984 though, things had changed. In that year, 10,000 more people left the province than arrived.



“The 1980s were pretty difficult times. Treasury Branches implemented a couple of policies to cushion the blow of high interest rates, such as a different prime lending rate for small business and farm clients.

The chartered bank clients paid the going rate. When things are going good, the banks are there to help you, but when things tighten up, their credit policies tighten up.”

Larry Febrowski, ATB employee 1966 to 1999



The unthinkable happened in 1985. Two Alberta-based banks collapsed, the Canadian Commercial Bank and the Northland Bank. At about the same time, the Alberta government restructured the credit unions. Northwest Trust and Heritage Savings Trust failed in 1987, and the province took these institutions over; the Principal Group collapsed the same year. Even the Alberta government began running deficits in 1985.

These unprecedented economic crises affected the Treasury Branches too. Alberta's unique financial institution had a reputation of staying loyal to its customers, and it did what it could to get through these trying times. Treasury Branches continued accepting new customers as banks closed branches or refused to lend. In spite of all the best intentions and strategies, the Treasury Branches began losing money in 1983. By 1989, the accumulated deficit was nearly \$150 million.

“The financial community is in a state of turbulence . . . and it is mandatory that a financial institution has the ability to react quickly and with efficiency,” remarked Superintendent Ron Holgate in 1982 when he succeeded Fred Sparrow. Holgate began realigning the Treasury Branches to face the economic uncertainties of the times.

FACING THE CHALLENGE

In the face of high interest rates, ATB implemented a program for farmers and small businesses to offset some costs, such as keeping a line on interest rates for them, and helping residential customers by giving them buy-down opportunities on high interest rates.

During the 1980s, ATB introduced the Registered Retirement Savings Plan, a Registered Home Owners Savings Plan, a fixed-rate Agri-Term Loan Program, an ATB MasterCard and an Instalment Purchase Plan for auto dealers.

The Alberta Development Loan Program, known as ADL Prime, offered the agricultural community financing at one per cent below the regular prime rate. Also in the '80s, the Treasury Branches introduced Fixed-Rate Term Loans for small businesses and Small Business Development Bonds.



*Ron Holgate,
ATB Superintendent 1982 to 1985
(with ATB 1947 to 1985)*

*New premises celebration,
Calgary North Hill Treasury Branch,
August 1980*



1980-89



AN ALBERTA LEGACY

"I feel proud that I was associated with the ATB. They certainly reflect a dedicated, made-in-Alberta responsive success story. ATB will always be a major part of Alberta history in this century."

Lou Hyndman, Provincial Treasurer 1979 to 1986



*Official opening, Oneway Treasury Branch,
February 1982*

Official opening, Okotoks Treasury Branch, September 1981

Managers Convention, 1980



“The Principal Group made an incredible impact when it fell. If it hadn’t happened to you, it had happened to a friend of a friend. That negative experience in our local economy made people run to the Treasury Branch with their money in their pocket. They realized that the half per cent or quarter per cent they might have gained with the trust company was not worth it in the end.”

Candace Tyler, ATB employee 1979 to present



ATB employees in 123 branches and 99 agencies continued working with Albertans to find a way out of the trouble. In 1982, the Treasury Branches joined the Canadian Payments Association, enabling it to clear cheques and other financial instruments directly with the Bank of Canada. Previously, ATB had to clear through the Canadian Imperial Bank of Commerce.

And, beginning in 1983, the Treasury Branches implemented innovative solutions: an Interest Rate Shielding Policy for agricultural customers as well as special payment terms as part of the Residential Mortgage Loan Program. In the early 1980s, ATB participated in the provincial government’s Small Business Equity Corporation (SBEC) program with other lenders to increase access to equity funding. By 1984, ATB was offering foreign currency services like the US Dollar Daily Interest Savings Account to customers through a partnership with Citibank. However, expansion of services to new communities was seriously curtailed, and a restraint program was put in place to cut losses.



Red Deer Main Treasury Branch, 1989



*Lena Kinley,
ATB employee 1967 to 1999*



PROBLEM SOLVING

"I was in Fairview when the prime lending rate was close to 20 per cent. There was one foreclosure after another. Basically, you just tried. You worked out advances and worked with the clients. We wanted to help people out. We really got pretty good. Managers got pretty creative. What could you do? These poor farmers had three or four crop failures, one year after another. With the interest being as high as it was, they couldn't pay. It was just a matter of working with them. My family were farmers, and they were feeling the crunch as well. You were part of it."



“ATB changed a lot in the ‘80s. There was a lot more emphasis on training and more emphasis on obtaining new business. ATB started to move into the credit cards, expand their travellers’ cheques and that type of thing. We also moved into loan insurance, and updating the operation.”

Robin de Roux, ATB employee 1966 to 1988



When Ron Holgate retired in 1985, incoming Superintendent Al Bray continued to lead the Treasury Branches through the unsettled economic times of the late 1980s. Although ATB made a considerable effort to assist borrowers impacted by the economic turmoil, provisions for loan losses were increased.

Despite the economic challenge ATB faced, it continued to add new services. In 1986, Head Office added more agrologists and oil and gas experts to the staff to better meet customer needs. By December 1988, all branches were on-line with a new banking system. In 1989, the Customer Card provided convenient access to the services of the Automated Banking Machine. Under Al Bray, ATB was the first financial institution in Canada to offer telephone banking in 1990.

The Treasury Branches celebrated their 50th anniversary in September 1988. “Over the past decade economic conditions in Canada and throughout the world have reacted as if on a roller coaster ride,” Al Bray wrote in the *ATB 1988 Annual Report*.

By 1988, ATB was the leading farm lender in Alberta. The system that had consistently offered financial services designed for Alberta’s unique economy managed to carry on.



*Al Bray, ATB Superintendent 1985 to 1994
(with ATB 1973 to 1994)*

