Bank on it

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Baton Rouge's banking history is colored by two well-known crises - the Great Depression earlier this century and the oil bust of the 1980s. Many banks rose in Baton Rouge and then failed, or nearly failed, in those troubled epochs. Others have succumbed to a national merger trend that has made most Baton Rouge banks into branches of big banks based in other cities or states.

But it was largely problems in the oil industry that led to the demise of the 56 banks that failed in the state from 1986 to 1990, said Peter Gwatney, chief executive officer of the Louisiana Bankers Association. The banking industry has largely recovered, he said, with 14 new banks established statewide since 1987.

Two recent upstarts here are the Baton Rouge Business Bank, which opened in 1996 and was the first new local bank in a dozen years. Another local start-up, Alliance Bank, opened last month.

Bank One — Premier

One bank that helps exemplify the evolution of local banking through the Great Depression, the turmoil of the 1980s and big mergers of recent years is Chicago-based Bank One, which was headquartered in Ohio and known as Banc One at the time that it entered the Louisiana market.


During the Great Depression in 1933, President Franklin Roosevelt shut down all the nation's banks in a bid to shore up the industry. Many weak banks never re-opened, including two in Baton Rouge — Bank of Baton Rouge Bank and the Union Bank and Trust Co.

LNB re-opened and flourished as the area's economy boomed after World War II. In 1984, the state adopted a bank holding company law that enabled banks to grow dramatically across the state. LNB allied with other banks to form a single holding company, Louisiana Bancshares, then borrowed money to acquire more than a dozen other banks around the state.

Even as it grew, the holding company ran into trouble as a rising supply of oil from the Middle East pushed oil prices down, undercutting Louisiana's oil industry and its economy. As a result, oil companies here

Randall Jones of Jones Signs removes the sign on City National Bank's main office in 1998 after its parent company, New Orleans-based First Commerce Corp., was acquired by Bank One. Bank One, which already operates out of two towers downtown, vacated and sold the CNB building earlier this year.