Dent: Louisiana banks are returning to profitability

By JIM BRADSHAW
Business Editor

Louisiana's banks are turning a profit again, according to State Banking Commissioner Fred Dent, and the banks in Acadiana are helping to lead the way.

He said each of the local banks are reporting "a return to profitability," after lean times caused by recession in the oil and real estate industries.

Dent, who oversees 182 banks, 37 savings and loans, 87 credit unions and 1,200 finance companies in Louisiana, says that, for the first time since 1984 Louisiana banks are showing a profit, but that the industry is reflecting what he terms "a Swiss cheese economy" in the state as a whole.

That means, he says, that in Louisiana "in some places there are huge holes, in other places real substance." Lafayette, he says, is "one of the places with real substance."

Local business statistics show that "total time and saving deposits at commercial banks continue to show a dramatic rise," according to USL's Center for Business and Economic Research, and the growth, according to the center, "can easily be an indication of growing local incomes accompanied by growing savings balances."

According to data for the fourth quarter of 1989, fourth quarter increases in time and savings deposits in local banks were 5.6 percent, following a 7.6 percent increase for the third quarter of the year. "The combined 15.2 percent increase during the second half of 1989 is an outstanding movement for this figure over the entire decade," according to the center's report.

The center also reported that in the fourth quarter of 1989 consumer lending rose 3.8 percent at local banks.

"The increase in consumer loans at commercial banks have been uninterrupted over the last seven quarters, rising almost 17 percent in all of 1989," the center says. The study says that the greater level of consumer lending indicates:

1. Increased individual earning capacity and ability to repay borrowed funds.

But the study also notes that while consumer loans and savings deposits are on the increase, real estate and commercial lending are lagging behind — partially a reflection of tightened banking regulations in the wake of widespread bank and thrift failures.

USL's study points out that real estate and mortgage loans here dropped to levels established in early 1988 after a jump in the third quarter of 1989. It continues a downward trend begun in the fourth quarter of 1987, and, with the exception of the last quarter, quarterly declines averaged about 1.8 percent.

Commercial and industrial loans have also slid downward over the same period at an average quarterly drop of 3.4 percent, according to the report.

A rise in residential building activity was not accompanied by a rise in mortgage and real estate loans at savings and loan institutions, the report says.