"We are promoters of the free enterprise system," an Office of the Currency official says. "If a good group of people comes to us with a good application, we're going to approve it."

Make room for more banks

Acadiana has long been fertile soil for a wide variety of products, from rice to sugarcane to crayfish to oil and gas. But lately the area seems to be nurturing a new crop. Banks are springing up all over.

"You're a growth area," says Duncan McFarland, deputy regional administrator for the Memphis Office of the Comptroller of the Currency. McFarland figures south Louisiana as the most active area in his five-state region.

At present there are five bank charter applications from four Acadiana parishes in various stages of the process. The most recent filing came in December, from a group of Lafayette businessmen proposing to form the Acadiana National Bank as the city's eighth bank.

The organizers, who propose to raise $6 million in initial capital for the bank, include: Robert B. Bernard, Jr., vice president of Begnaud Olds; David Schroeder, both officers of Automatic USA; Billie Joe Hagan, president of Stratagraph, Inc.; attorney Joseph R. Joy III; CPA Rodney Luke Savoy; Eddy R. Knight of Knight Specialties; and James M. Marceaux of Acadiana Ventures. The group recently hired Ronnie Foret, former officer at Southwest National Bank in Lafayette, as proposed president and CEO. Foret says the group hopes to receive preliminary approval by August, and to open its doors in downtown Lafayette in the first quarter of 1984.

The other four bank proposals are further along in the process of gaining federal approval, all promising to transform themselves into real, live banks before the year's end:

* The proposed Citizens National Bank of Breaux Bridge began selling stock last month. Organizers, headed by CEO-to-be Wayne Robideaux, hope to begin operating this spring in a temporary facility on Highway 94. Citizens National will be the third bank in Breaux Bridge.
* A group of St. Martinville businessmen won preliminary approval from the Comptroller in December for their proposed First National Bank of St. Martin. The group, headed by insurance agent Pat Theriot, interviewed 32 candidates for the president's post before hiring a man who must now be approved by the Comptroller. According to Theriot, the organizers hope to open their doors at the corner of Port and Washington in St. Martinville this summer.
* In Kaplan a group headed by Ken Clark is organizing the proposed Western National Bank. Preliminary approval has been received but backers have not yet begun to sell stock. However, they expect to open later in the year in downtown Kaplan.
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* Dan Leleux is head of a group in Rayne that received preliminary approval in the fall for their proposed Progressive National Bank of Rayne. The intended location for the bank is the 800 block of The Boulevard in Rayne, and the man recently tapped for the post of president is longtime area banker Rayford J. Simon.

All these bank charter applications make some people bear with pride over the economic health of our area and the entrepreneurial spirit of our people. They make others, most notably officials of established banks, scowl.

On one level the debate over the new banks is philosophical. Some people believe that bank charters should be doled out sparingly, and only in cases where need for another bank is proven. Too many banks in an area, they argue, and one could fail. Bank failures are no fun for anyone.

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The flip side of that argument is one that contends banking is a business like any other, and anyone with enough money and enough savvy should have a crack at it. Among such free enterprise proponents is the Office of the Currency, the agency which grants bank charters. In recent years the Comptroller has put more emphasis on whether an organization is reputable and can raise enough money to support its venture, than on whether a community already has sufficient banking services.

"We are promoters of the free enterprise system. If a good group of people comes to us with a good application, we're going to approve it," says McFarland of the Comptroller's Office. "We are now approving over 80 percent of the applications we receive.

"It's not how many banks you have, but who does it right," says Ken Clark, president of the proposed Western National Bank. "I don't think Vermilion Parish is overbanked.

On another level the banking debate is anything but philosophical. Backers of the proposed banks say the established institutions simply don't want any more competition, that they want to protect their market share.

"It all boils down to protecting your own," says Ronnie Foret, president of the proposed Acadiana National Bank.

All of the bank proposals have met with opposition of one sort or another from their competition-to-be. In some cases there was merely a letter of objection filed with the Comptroller. In others, there was a documented request for a hearing.

Just last month four area banks took their objections to federal court.

Bell Mill Bank and Trust (Kaplan), Gulf Coast Bank (Abbeville), Bank of Abbeville and Trust (Abbeville) and Farmers-Merchants Bank and Trust (Breaux Bridge) filed suit against the Comptroller of the Currency, organizers of the proposed Western National Bank in Kaplan and the proposed Citizens National Bank in Breaux Bridge. The suit, which touches on the major issue surrounding the formation of new banks in Acadiana, also charges four Lafayette bank officials with "conspiring" to form an illegal bank holding company through the proposed banks (See sidebar, page 12).

Beside the protest, Acadiana's cooled-down economy and banking deregulation would seem to be a double-whammy on any new banking venture. The recession has put a lid on profits for the Lafayette banks in 1982, for instance, keeping income virtually flat with a year before. Demand for loans, which are a bank's most profitable investment, are off.

New products such as money market funds are increasing the cost of money to banks, forcing measures to cut operating costs and higher prices for customer services.

"It's a time of challenge, but it's also a time of opportunity," says Acadiana's Foret. "The changes mean that all banks are at the starting gate together. I don't think the old banks have the

(Continued on page 13)
We won't have to do any repricing [of services]. We'll go in with our pricing set.

"We're starting off in lean times, so we'll start off lean and mean," says Pat Theriot of his proposed First National. "We're not going to start up overstaffed."

Although the times are leaner than they were, they are still fat by comparison with the rest of the country. And bank profits and growth in Acadiana are still high enough to entice newcomers. Last year assets for Lafayette banks grew by 14 percent, down from the whopping 27 percent of a year earlier, but still healthy.

"The result of 1982 will show the effects of a slower economy, but '82 profits are still very, very good," says Foret.

"In a deregulated economy, everyone is going to have to sharpen that pencil a little bit more. If you don't give good customer service, you'll lose your customers... But the opportunity is still very good for a bank to make a reasonable profit for its stockholders."

"The growth patterns of the existing banks will be restricted," grants Robideaux. "But all can continue with a growth posture."

Proponents of the new banks also contend that the increased competition will be good for the consumer. "Complacent banks are going to have to change," says Theriot.

There is also a tendency among the proposed banks to set a stock policy that promotes diversified ownership. Where some older banks are closely held, organizers of new banks propose to limit the amount of stock any one individual or group can buy.

Foret says Acadiana National plans to limit the amount of stock an individual can buy to five percent, that a group can buy to 10 percent. "We don't want it to be a board-controlled bank," he says. "We want the community to own the bank."

Like it or not, the banking scene in Acadiana is changing at break-neck speed. The industry, already in the throes of deregulation, must make room for a host of newcomers. Competitive may be a mild description of what the business will soon be.

One possible result, as Ronnie Foret sees it, is bank specialization. In a very competitive market where banking services are increasingly diversified, no bank can continue to be all things to all people. Instead, each bank may have to concentrate on the areas it handles best.

Maybe. There is yet a lot of dust to clear. Just who will benefit from the growth in banking institutions—old banks, new banks, the community, the customers—and who will be hurt, remains to be seen. But it does seem virtually certain that within the next year Acadiana will have several new banks in the fray for banking business.

—ROGERS OLVERSON