Poll finds lack of confidence in banks, thrifts

By CYNDY FALGOUT
Advocate business writer

Louisiana voters responding to a statewide poll in December showed an increasing lack of confidence in the state's banks and thrifts despite evidence of improvement in both industries during 1991.

Only 5 percent of respondents to the 1991 survey commissioned by The Advocate said they had a great amount of confidence in the state's banks compared to 6.9 percent a year ago.

Meanwhile, 19 percent of voters said they had hardly any confidence in Louisiana's banks, up from 17 percent the year before.

On the thrift side, 2 percent of voters surveyed had great confidence in the state's thrift industry, down from 3.2 percent the year before.

The percentage of those with hardly any confidence in the thrift industry fell to 36.1 percent in 1991 from 41.8 percent in 1990, the poll showed.

The Advocate survey polled approximately 800 registered voters in the state during Dec. 1-11. The error factor was plus or minus 3.3 points.

The voters were read a list of institutions and asked whether they had a great amount of confidence in them, considerable confidence, some confidence or hardly any confidence.

Louisiana banks emerged at the top of the list with 5 percent of voters with great confidence in the industry, followed by state government with 4 percent, and the thrift and insurance industries, with 2 percent each.

Said New Orleans pollster Edward F. Renwick, who conducted the survey: "To put it mildly, there's a lack of faith."

"I think one of the reasons you see the decline in confidence is so much of the information nationally is so negative," Larry L. Murray, state Commissioner of Financial Institutions, said.

The public may have difficulty shaking the anxiety such bad news brings, despite signs of improvement in local institutions, he said.

"I wish everybody had the opportunity to have the perspective that we have as regulators and see the amount of..."
improvement that's occurred in the financial services industry in the state of Louisiana," Murray said. His office regulates state-chartered banks and thrifts and other types of financial institutions in Louisiana.

The drop in confidence in the banking industry came at the end of a year of increased profits for banks in the state. Ninety-one percent of banks in the state reported profits for January-September 1991 compared to 85 percent during the same 1990 period, according to the latest data available from Sheshunoff Information Services Inc. The Texas firm tracks bank and thrift performance.

Louisiana's banks collectively posted a 54 percent decline in income to $48.7 million in January-September compared to $106.3 million reported for the first nine months of 1990, Sheshunoff reported.

Yet all of the state's income decline could be attributed to the $102 million loss posted by Hibernia National Bank, the state's largest bank, during the period, the data showed.

Meanwhile, thrifts in the state narrowed their collective loss to $175 million in January-June from $221 million during the same 1990 period, according to the latest thrift data available from Sheshunoff.

Losses of 20 thrifts offset profits posted by the other 39 in the state, the data showed.

Murray acknowledged the confidence drain could be exacerbated by the financial problems reported by some of the state's largest institutions.

Besides Hibernia's huge loss, federal regulators seized control of the state's largest thrift, Oak Tree Savings Bank, in October.

Also, the financial industry is undergoing great change, which could be contributing to the erosion in public confidence, Murray said.

"For so many years, the banking industry was so unchanged," he said. "When there is no change, people assume there are no problems."

With the dramatic changes now taking place, "people associate that with problems," Murray said.

Confidence in banks and thrifts varied among voters in different parts of the state, the poll data showed.

For banks, the percentage of survey respondents with great confidence ranged from a low of 2.6 percent in the north to a high of 10.0 percent in the North Central part of the state.

In the Southeast, which includes East Baton Rouge Parish, 3.6 percent of those surveyed had great confidence in the banking industry.

While one in 10 North Central Louisianians had great confidence in banks, none had great confidence in thrifts.

By contrast, the highest confidence level in thrifts was 4.2 percent recorded in Southwest Louisiana.

In the Southeast, 1.8 percent of respondents had great confidence in thrifts, the poll showed.

Murray speculated the variation could reflect the presence and/or health of the institutions in those areas.

For instance, many banks in Shreveport failed or changed hands in recent years, which could have lowered confidence among survey respondents in the north, Murray said.

Also, few thrifts operate in the North and North Central areas of the state, he said.

The resulting lack of familiarity with thrifts coupled with national news of thrift industry problems could explain the lack of confidence in the industry among voters in the two regions, Murray said.