USL ponders entry into banking arena

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Although some Acadiana bankers expressed low interest Tuesday night, state Banking Commissioner James "Jimmy" Hayes and USL president Ray Authement say a proposed USL student bank could pay big dividends.

About three dozen bankers from across Acadiana met with Hayes, Authement and other USL officials yesterday to discuss a plan by Hayes to create a university bank on the USL campus.

Hayes said he called Tuesday's meeting only to gather opinions from local bankers and not to explain any predetermined plan. The proposed bank would be chartered by the state, owned by local financial institutions, and run by the university and its students, Hayes said.

Because of its nature, Hayes said, the "teaching bank" would be limited in the type of business it could do and would not function anywhere near the operation of a full-scale commercial bank.

Hayes said if the student bank is created, it would be the first such institution devised in the country.

As an alternative proposal, Hayes said the university could establish an intern program in which students would work in banks and savings and loans while still enrolled in the College of Business.

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"This university would like to do it (start up the bank)," Authement told local bank executive officers and their representatives during a meeting in the USL Conference Center.

"We are dedicated to offering the best training we can for business and industry and we want to fully educate people who will help you in the banking field," he said.

Authement joked that since local bankers "are among our strongest supporters" and have donated $1.2 million to the university over the last three years, the school would not dare propose anything that would harm the banks.

Hayes, a 1967 business graduate of SL, said today's USL College of Business students are better prepared than in years past.

"But the needs of banks in terms of practical application of what they learn are not being transmitted to the students," he said.

Hayes said students are taught theory and "book knowledge," but are not adequately equipped to apply what they learn in the business world.

"Many of you have to re-train these students when you hire them," Hayes said, "and we're not trying to supplant your individual training programs, but if the students you get right out of school are better students to begin with, we feel this would aid your institutions tremendously."

Some of the bankers who spoke up at the meeting seemed leery of the idea of a student-run bank, citing the financial liability the university would be under.

Some of them wanted to know who the depositors would be, for example.

"I mean, you're dealing with people's money," one official said.

Charles Worsham, executive vice president of the Louisiana Bankers Association, told Hayes he didn't think bankers could afford both a student bank and other teaching programs.

"Bankers aren't making money right now," Worsham said, adding that LSU has a graduate program in banking which many Acadiana banks also help to fund.

"I just don't think banks can afford it," he said.

Another argument offered against the bank was that a state chartered bank would have to be federally insured, meaning that the university would lose some of its control over the bank to both the state and federal governments.

Authement responded that the university's nursing program is overseen by the state Department of Health and that there have been no problems with control.

As the discussion wound down, Hayes asked if the bankers would be willing to fill out questionnaires on how they think the program should be implemented and operated.

Most of the bankers said they would be willing to fill out the questionnaires and discuss the matter further at a later meeting.

Hayes said after the meeting he will send out the questionnaires next week, and would plan another meeting with the bankers in the near future once the answers are in.

One aspect Hayes did not mention to the bankers, but told The Advertiser after the meeting was that a student bank would be a good way to get women and minorities more involved in the bank management field.

Pointing out that there was only one woman at the meeting Tuesday, and no blacks or other minorities, Hayes said training these students on the practical applications of banking would allow more of them into the field.

Asked for his reaction after the meeting, Authement said the university would work to implement some type of intern program, though he acknowledged many of the bankers were wary of the student bank idea.

"We'll do something," he said.