

MID-IOWA NEWS

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Banks thrive in Ames; consumers, lenders benefit

By Bob Zientara , Staff Writer

In the rambunctious and poverty-afflicted 1930s, John Dillinger and Willie Sutton were among the nation's most dreaded criminals.

Dillinger gouged a swath of crime across the Midwest, while Sutton confined his misdeeds mainly to New York and Pennsylvania.

Both chose banks among their favorite targets. Dillinger and his gang robbed one in Mason City in 1934, and Sutton (using disguises) worked the banks of the Eastern Seaboard.

Sutton was once asked why he robbed banks.

"Because that's where the money is," he replied.

These days, Mid-Iowans choose banks for precisely the same reason, although, unlike Dillinger and Sutton, they pay back what they borrow.

And that's why there are dozens of lenders in Story County, including (according to the 2007-08 telephone directory) 13 banks in Ames alone.

Ames market stable, affluent

Kurt Kuta, president and chief executive officer of Ames Community Bank, and Dan Culhane, president and chief executive officer of the Ames Chamber of Commerce, both said that lenders in Story County are attracted to factors like a stable, fairly predictable supply of wealth.

"This is a growth market that is attractive to people," said Kuta, who's also a member of the Ames Economic Development Commission. "It's not a situation where banks are stealing business from one another - there's plenty to go around.

"You hear the term 'recession proof' for some markets, and Ames is one of them. When you factor in Iowa State University, the Iowa Department of Transportation and the USDA complex (the federal Animal and Plant Health Inspection Service and other USDA agencies), there is a large supply of stable, good-paying jobs."

Culhane echoed those points of view.



By Ronnie Miller/The Tribune
The Ag Leader, on Airport Road in Ames, is a major local business that has recently expanded and used Ames Community Bank for funding.

"If Ames were subject to the ebbs and flows of the international economy, it would be harder to count on those dollars coming through your bank every month," he said. "That's not the case here. This is a fairly affluent community with above average incomes, very steady incomes, in fact, and there's a large banking community here to serve it."

Kuta said there's another factor in the mix, albeit a lesser one than in years past.

"There's still a strong 'county seat mentality' in Iowa," he said. "Communities have a lot of pride in their institutions, like banks.

"For a long time, state banking laws made branching very difficult, and there were lots of legal protections for banks chartered in individual counties," he said.

The longevity of local banks and accompanying customer loyalty were positive byproducts of that climate, Kuta said.

Students are in the mix

Kuta said his bank, and others in Ames, make an effort to serve the ISU student body, which (at least potentially) brings thousands of new customers to town each year.

"We have branches near the campus, as do other banks in town," he said. "There's plenty of business to be had, but it's transient. We have a lot of accounts that close from May through July and a lot that are opened from July through September.

"Of course, you have situations where students keep their accounts at home, especially so Mom and Dad can keep track," he laughed.

"But it's an evolving market. We have done business with young people in their late 20s and early 30s who have had accounts at their hometown banks, but finally decide they're going to become part of the community and open an account here."

Building relations, stronger communities

"The conventional wisdom is that a variety of banks is good for consumers and business," Culhane noted. "In my line of work, I've found that banks are highly supportive of their communities; I understand and appreciate that."

By getting their employees involved in community group leadership positions and donating time and money to worthy causes, banks provide a motivated and trained group of volunteers, and a good source of revenue for everything from Scout troops to United Way, he added.

Many volunteer posts in the Chamber and Economic Development Commission are staffed with Ames area financial professionals, Culhane said.

The variety of local banks helps would-be borrowers with "comparison shopping," Kuta said, but the longer a borrower deals with a bank, the more likely the relationship is to continue, and broaden on the bottom line.

"Business borrowers can and do shop around, but we're not very different from other metro areas in the state. And, I would argue, that even though we're close to Des Moines, Ames is, in many ways, a metro area unto itself," he said.

"I don't care if it's consumer loans or business loans, if it's a growth market, there are lots of lenders and lots of customers and rates, terms and conditions (of the loans) are all part of the process," Kuta said.

"But it does come down to relationships. When we prospect for new loans or maintain our existing customers, we'll be as competitive as we can be for rates and terms, but people also know we're going to be here awhile, so as relationships develop, the reluctance to change pairs up with the trust factor."

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