

**Survey of Community Banks
in the Tenth Federal Reserve District**

Kansas Survey Responses



**Division of Supervision and Risk Management
Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, MO 64198**

February 8, 2005

Instructions

This survey takes about one hour to complete and requires detailed knowledge of your bank. We therefore recommend that a senior manager complete the survey. We realize this is a serious time commitment and request that you complete as many sections as possible.

The survey contains 86 questions. The questions are organized into seven sections:

1. General information about the bank 3
2. Governance and staffing practices 5
3. Vendor management practices 10
4. Competitive environment and future prospects 12
5. Interest rate risk practices 16
6. Internet banking services 17
7. Payments system issues 18

The answer to most questions is a simple “x” placed in a response box. A few answers will require brief written comments. **Please answer questions as accurately as possible. If the question refers to a subject that has not been considered by bank management, leave the answer box blank.**

Confidentiality

All responses will be strictly confidential and are to be used solely for internal planning, summary articles and presentations.

Identifying information is optional. If you provide this information, please skip to question 8.

Name of institution _____
Name of survey respondent _____
Position with bank _____
Phone number _____
City and state of bank _____

If you are willing to be contacted please check this box:

Help

If you have any questions or need clarification, please call Forest Myers at 800-333-1010, extension 2879 (816-881-2879 locally) or Eric Robbins at extension 2884.

I. General information about your bank

1. The location of your bank's home office is:

	CO	KS	MO	NE	NM	OK	WY	Valid obs.	No response
Number	32	100	33	74	2	72	14	327	14
Percent of valid observations	9.8	30.6	10.1	22.6	0.6	22.0	4.3		

Responses that follow represent the responses of community banks located in Kansas

2. Your bank has a:

	National charter	State charter	Valid obs.	No response
Number	32	68	100	0
Percent of valid observations	32	68		

3. Asset size of your bank at year-end 2003:

	Number	Percent of obs.
Less than \$150 million	81	81
\$150 to \$300 million	10	10
\$300 million to \$1 billion	9	9
Valid observations	100	
No response	0	

4. Your offices are located within:

	Number	Percent of obs.
a single county	57	60.0
in more than one county within a state	34	35.8
in more than one state	4	4.2
Valid observations	95	
No response	5	

5. Bank structure:

	Number	Percent of obs.
Independent bank (not in a bank holding company)	15	15.2
Member of a one-bank holding company	68	68.7
Member of multi-bank holding company	16	16.2
Valid observations	99	
No response	1	

If your bank is owned by a bank holding company, what is the consolidated asset size of the holding company at year-end 2003?

	Number	Percent of obs.
Less than \$150 million	76	78.3
\$150 to \$300 million	10	10.3
\$300 million to \$1 billion	9	9.3
Over \$1 billion	2	2.1
Valid observations	98	
No response	2	

6. From your bank's September 2003 Uniform Bank Performance Report (UBPR) provide information for the following items:

Year	Return on Assets (Page 1 of UBPR)	Number of Respondents
2000 (YE)	1.31%	83
2001 (YE)	1.11%	88
2002 (YE)	1.17%	89
2003 (9/30)	1.30%	89

7. Does your bank file its federal income taxes as a Subchapter S corporation?

	Yes	No	Valid obs.	No response
Number	46	53	99	1
Percent of valid observations	46.5	53.5		

If yes, the first tax year that your bank filed as a Subchapter S corporation was:

	1997	1998	1999	2000	2001	2002	2003	Valid obs.	No response
Number	12	5	7	5	1	6	3	39	7
Percent of valid observations	30.8	12.8	17.9	12.8	2.6	15.4	7.7		

8. The population of the town or metropolitan area where your bank's home office is located is:

	Number	Percent of obs.
Less than 2,500	47	47.0
2,500 to 9,999	29	29.0
10,000 to 19,999	7	7.0
20,000 to 99,999	8	8.0
100,000 to 249,999	1	1.0
Over 250,000	8	8.0
Valid observations	100	
No response	0	

9. What was the percentage change in the population of the community where your bank's home office is located between the 1990 and 2000 census?

	Number	Percent of obs.
Lost population	41	43.6
Between 0% - 2% growth	20	21.3
Between 2% - 5% growth	15	16.0
Between 5% - 10% growth	5	5.3
Between 10% - 15% growth	8	8.5
Between 15% - 20% growth	2	2.1
Over 20% growth	3	3.2
Valid observations	94	
No response	6	

10. Is your bank or parent bank holding company publicly traded?

	Yes	No	Valid obs.	No response
Number	2	98	100	0
Percent of valid observations	2	98		

11. Is your bank family-owned (is more than 50% of the bank or its parent bank holding company owned by an individual or one or more families)?

	Yes	No	Valid obs.	No response
Number	77	23	100	0
Percent of valid observations	77	23		

12. Do the majority of your shareholders reside in the bank's home office community?

	Yes	No	Valid obs.	No response
Number	66	33	99	1
Percent of valid observations	66.7	33.3		

13. At year-end 2003 how many individuals owned stock in your bank or its parent bank holding company?

Average	Median	Minimum	Maximum	Valid obs.	No response
43.0	17	1	1000	93	7

14. How many of these individuals owned 10 percent or more of your bank or its parent bank holding company?

Average	Median	Minimum	Maximum	Valid obs.	No response
2.48	2	0	7	92	8

15. Is your community located within 30 miles of a city with a population of 100,000 or more?

	Yes	No	Valid obs.	No response
Number	28	71	99	1
Percent of valid observations	28.3	71.7		

16. The primary economic support for your community is:

	Number	Percent of obs.
Agriculture	67	67.7
Manufacturing	11	11.1
Service	14	14.1
Government	5	5.1
Mining/Energy	0	0.0
Tourism	0	0.0
Other	2	2.0
Valid observations	99	
No response	1	

II. Governance and Staffing Practices

17. In general, do you foresee problems in filling non-official staff positions over the next five years?

	Yes	No	Valid obs.	No response
Number	12	88	100	0
Percent of valid observations	12	88		

18. In general, do you foresee problems in filling official positions over the next five years?

	Yes	No	Valid obs.	No response
Number	20	80	100	0
Percent of valid observations	20	80		

19. Do you foresee difficulty in filling outside director vacancies during the next five years?

	Yes	No	Valid obs.	No response
Number	28	70	98	2
Percent of valid observations	28.6	71.4		

20. Does your bank have a written management succession plan?

	Yes	No	Valid obs.	No response
Number	40	58	98	2
Percent of valid observations	40.8	59.2		

21. Basic information about your bank's senior management team:

		CEO/ President	Chief Financial Officer	Chief Lending Officer	Cashier/ Operations Officer
Years in the position	Average	13.8	12.0	12.3	14.6
	Median	11.0	10.0	10.0	13.0
	Minimum	0	0	0	0
	Maximum	40	40	40	40
	Valid obs.	98	56	80	87
	No response	2	44	20	13
Age	Average	53.7	48.0	50.7	50.0
	Median	54	48	51	50
	Valid obs.	94	54	75	86
	No response	6	46	25	14
Is the individual a family member or part of the ownership group that controls the bank (Y/N)	Percent Yes	61.0	29.3	21.3	18.7
	Valid obs.	100	58	80	91
	No response	0	42	20	9
Does the individual plan to retire within the next five years? (Y/N)	Percent Yes	16.3	1.7	9.9	14.4
	Valid obs.	98	59	81	90
	No response	2	41	19	10
If yes, will a family member or member of the ownership group likely fill the position? (Y/N)	Percent Yes	35.5	13.3	11.1	11.5
	Valid obs.	31	15	18	26
	No response	69	85	82	74

22. Are the directors of your bank appointed by the parent bank holding company?

	Yes	No	N/A	Valid obs.	No response
Number	58	24	15	97	3
Percent of valid observations	59.8	24.7	15.5		

23. Are the majority of the directors of your bank the same individuals as those that serve on the parent bank holding company board?

	Yes	No	N/A	Valid obs.	No response
Number	52	34	13	99	1
Percent of valid observations	52.6	34.3	13.1		

24. Compared to five years ago, the number of directors on your bank's board at year-end 2003 has?

	Yes	No	Remained the same	Valid obs.	No response
Number	17	16	66	99	1
Percent of valid observations	17.2	16.2	66.6		

25. How many outside directors were on your bank's board at year-end 2003 (e.g., those that are not related to inside directors and hold no official position with the bank and whose ownership is less than 10 percent of any voting class of the bank's stock)?

Average	Median	Minimum	Maximum	Valid obs.	No response
3.5	3.0	0	16	97	3

Compared to five years ago, the number of outside directors has:

	Increased	Decreased	Same	Valid obs.	No response
Number	16	15	65	96	4
Percent of valid observations	16.7	15.6	67.7		

26. How many regularly scheduled meetings did your board have in 2003?

Average	Median	Minimum	Maximum	Valid obs.	No response
10.0	12.0	4	13	100	0

27. On an annual basis, the outside directors at your bank are paid what amount for their board service?

Average	Median	Minimum	Maximum	Valid obs.	No response
\$3,756	\$3,000	0	\$13,500	91	9

Is this payment made regardless of meeting attendance?

	Yes	No	Valid obs.	No response
Number	30	61	91	9
Percent of valid observations	33.0	67.0		

28. Do board members receive compensation in addition to that for board and committee meetings? (e.g., performance bonus, business development incentives)

	Yes	No	Valid obs.	No response
Number	17	83	100	0
Percent of valid observations	17	83		

If yes, this compensation consists of:

	Common stock	Cash	Other	Valid obs.	No response
Number	1	13	4	18	0
Percent of valid observations	5.6	72.2	22.2		

29. For the committees at your bank, individuals serving on these committees include:

Committee Exists		Committee	President and/or CEO		Other bank officers		Serve on Committee		Are a Majority of the Committee		Chair the Committee	
			Yes	%	Yes	%	Yes	%	Yes	%	Yes	%
90	0	Loan	90	100	88	97.8	46	51.1	12	13.3	4	4.4
84	2	Asset/Liability Management	83	98.8	78	92.9	26	31.0	5	6.0	7	8.3
65	6	Investment	61	93.8	57	87.7	16	24.6	7	10.8	7	10.8
63	5	Audit	37	58.7	41	65.1	40	63.5	22	34.9	24	38.1
14	21	Nominating	13	92.9	7	50.0	7	50.0	6	42.9	5	35.7
39	13	Compensation	37	94.9	24	61.5	26	66.7	18	46.2	12	30.8
25	16	Operations Risk	24	96.0	23	92.0	3	12.0	1	4.0	1	4.0

%=Percent of yes responses as a percent of respondents that indicated the existence of a committee.

30. In general, who determines committee membership?

	Checked Boxes	
	Number	Percent of obs.
Board chairman	29	30.5
CEO	30	31.6
Directors	34	35.8
Other (specify)	2	2.1
Valid observations	95	
No response	5	

31. In general, are committee assignments periodically rotated?

	Yes	No	Valid obs.	No response
Number	23	74	97	3
Percent of valid observations	23.7	76.3		

32. What percentage of the bank's voting common stock does the president or CEO of your bank, individually, or in conjunction with his or her spouse control?

Average	Median	Minimum	Maximum	Valid obs.	No response
27.4	12.0	0	100	95	5

33. How many years has the president or CEO of your bank served in this position?

Average	Median	Minimum	Maximum	Valid obs.	No response
12.2	10.0	0	42	100	0

If less than 5 years, the previous president or CEO left his or her position because of:

	Checked Boxes	
	Number	Percent of obs.
Retirement	16	50.0
Illness	0	0.0
Death	3	9.4
Accept a position at another bank	2	6.2
Seek career outside banking	1	3.1
To buy his or her own bank	0	0.0
Asked to step down by a banking supervisor	2	6.2
Asked to step down by board of directors	0	0.0
Change of bank's ownership	2	6.2
Other	6	18.8
Valid observations	32	
No response	0	

34. Does the president of your bank serve on the board(s) of unaffiliated banks?

	Yes	No	Valid obs.	No response
Number	10	89	99	1
Percent of valid observations	10.1	89.9		

35. Do(es) the president(s) of the same unaffiliated bank(s) serve as directors at your bank?

	Yes	No	Valid obs.	No response
Number	1	84	85	15
Percent of valid observations	1.2	98.8		

36. Do directors of your bank serve on the board(s) of unaffiliated banks?

	Yes	No	Valid obs.	No response
Number	15	83	98	2
Percent of valid observations	15.3	84.7		

37. Do directors of the same unaffiliated banks serve as directors at your bank?

	Yes	No	Valid obs.	No response
Number	3	88	91	9
Percent of valid observations	3.3	96.7		

38. Has the board of directors at your bank adopted a code of ethics for the bank?

	Yes	No	Valid obs.	No response
Number	67	32	99	1
Percent of valid observations	67.7	32.3		

39. Has the board of directors at your bank adopted a mandatory retirement age for directors?

	Yes	No	Valid obs.	No response
Number	5	94	99	1
Percent of valid observations	5.1	94.9		

40. Did your directors participate in any training sessions in 2003?

	Yes	No	Valid obs.	No response
Number	52	47	99	1
Percent of valid observations	52.5	47.5		

If yes, who sponsored or presented the program? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Trade Association	29	29.0
Consultant	10	10.0
Academic Institution	1	1.0
Governmental Body	1	1.0
Banking Supervisor – State Banking Department, FDIC, OCC, Federal Reserve	23	23.0
Other (describe)	9	9.0
% = Percent of 100 survey responses		

41. The following describes individual members on the bank's board of directors:

	Average Number of Directors	Average Number of Years of Board Service	Average Age at Year-end 2003	Rank order of principal reason for being asked to join the board (see codes below)	Director's ownership in the bank is <u>25% or more of the director's personal assets?</u> (Y/N)
Inside	3.03	16.98	54.19	<ul style="list-style-type: none"> ▪ Community leader ▪ Ownership interest in the bank or bank holding company ▪ Business expertise related to occupation or business interests ▪ Family member ▪ Background as financial expert or accounting/audit experience ▪ Large loan/deposit customer 	55.42%
Outside	3.08	12.79	59.70		9.44%

42. Is the performance of board members at your bank periodically assessed?

	Yes	No	Valid obs.	No response
Number	26	70	96	4
Percent of valid observations	27.1	72.9		

If yes, this assessment is done by: (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Bank President	19	76.5
Board of Directors	8	23.5
Board Committee	2	5.9
Outside Party	1	2.9
Director Self Assessment	2	5.9
Other (describe)	2	5.9
Valid observations	32	
No response	0	

43. If your bank is publicly traded or subject to FDICIA 112, were there any changes in board committee membership in response to the Sarbanes-Oxley Act?

	Yes	No	Not publicly traded	Valid obs.	No response
Number	0	22	68	90	10
Percent of valid observations	0.0	24.4	75.6		

44. Rank the following laws and regulations according to the amount of time devoted to them in 2003: (1= most time spent, 11= least time spent)

1	USA Patriot Act and "Know Your Customer" requirements
2	Bank Secrecy Act and Currency Transactions Reports (CTRs)
3	Truth in lending
4	Privacy Notices
5	Home Mortgage Disclosure Act (HMDA) and Regulation C
6	Expedited Funds Availability Act or Regulation CC
7	Extensions of credit to insiders and Regulation O
8	Community Reinvestment Act (CRA)
9	Appraisal regulations
10	Regulation D and limits on transfers/withdrawals from money markets
11	Deposit Insurance Coverage

III. Vendor Management Practices

45. Your bank relies on outside vendors for which of the following processes? (Check all that apply.)

Application	Checked Boxes		Processing is Offsite or Onsite?					
	Number	%*		#	%**		#	%**
Deposit Processing	67	67.0	Offsite	43	65.2	Onsite	23	34.8
Loan Processing	68	68.0	Offsite	37	56.9	Onsite	28	43.1
Securities Processing	69	69.0	Offsite	65	97.0	Onsite	2	3.0
General Ledger	66	66.0	Offsite	38	61.3	Onsite	24	38.7
Accounts Payable	18	18.0	Offsite	7	38.9	Onsite	11	61.1
Financial Reporting	31	31.0	Offsite	14	48.3	Onsite	15	51.7
Internet Site	40	40.0	Offsite	33	86.8	Onsite	5	13.2
Asset Liability Model	40	40.0	Offsite	26	70.3	Onsite	11	29.7
Mortgage Origination	30	30.0	Offsite	10	34.5	Onsite	19	65.5
*%=Percent of 100 survey responses			**%=Percent of valid observations					

46. Your bank relies on outside vendors for which of the following functions? (check all that apply)

Application	Checked Boxes	
	Number	Percent of obs.
Internal Audit	19	19.0
External Audit	80	80.0
Compliance Management	18	18.0
% = Percent of 100 survey responses		

47. What do you expect to be the impact on your bank from the Check 21 Act?

	No Impact		Increase		Decrease		Valid obs.	No response
	n	%	n	%	n	%		
Collection costs	44	47.3	31	33.3	18	19.4	93	7
Operational efficiency	19	24.1	49	62.0	11	13.9	79	21
Overall operating expenses	17	21.8	43	55.1	18	23.1	78	22
Complexity in back office processing ops.	28	36.4	41	53.2	8	10.4	77	23
Technology investment - imaging equipment	23	29.9	54	70.1	0	0.0	77	23
Customer confusion	7	14.6	41	85.4	0	0.0	48	52
Customer service/new products	45	57.7	30	38.5	3	3.8	78	22
Compliance costs, e.g., customer notifications	11	14.1	67	85.9	0	0.0	78	22
N=Number of responses; %=Percent of valid observations								

48. What analysis does your bank perform on outside vendors? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
<u>Management Review or Assessment</u>		
Review of management background/experience, turnover rates, staffing levels	40	40.0
Review vendor's information security policy documents	61	61.0
Review physical security controls	31	31.0
Review vendor's business continuity plans	40	40.0
Research complaints, litigation or liens against the vendor	15	15.0
Check references from current and former clients	68	68.0
Other (specify)	6	6.0
<u>Financial Analysis or Review</u>		
Review of fiscal and quarterly audits	73	73.0
Review available SEC filings	17	17.0
Review available financial ratings (Standard&Poors, Dunn and Bradstreet, etc.)	27	27.0
Review credit reports	8	8.0
Other (specify)	6	6.0
<u>Independent Analysis</u>		
Review analyst reports and user-group information	24	24.0
Review Multi-Regional Data Processing Service Providers (MDPS) reports	7	7.0
% = Percent of 100 survey responses		

49. Do your bank's vendors rely on third-party providers?

	Yes	No	Unsure	Valid obs.	No response
Number	25	23	42	90	10
Percent of valid observations	27.8	25.5	46.7		

IV. Competitive Environment and Prospects

50. During the next five years, your bank is likely to be

	Very likely		Likely		Somewhat unlikely		Unlikely		Valid obs.	No response
	n	%	n	%	n	%	n	%		
Operating under the same ownership and structure	75	77.3	15	15.5	3	3.1	4	4.1	97	3
Operating under new ownership but with the same structure	1	1.1	2	2.2	12	13.5	74	83.1	89	11
Acquired by a community banking organization	0	0.0	2	2.2	12	13.5	75	84.3	89	11
Acquired by a larger or regional organization	1	1.1	1	1.1	13	14.6	74	83.1	89	11
Acquiring other banking offices	9	9.9	23	25.3	26	28.6	33	36.3	91	9
% = Percent of valid observations										

51. Do you plan to open/acquire additional branches in the next five years?

	Yes	No	Valid obs.	No response
Number	42	40	82	18
Percent of valid observations	51.2	48.8		

If so, where will the new branches be located in relation to your bank's main office? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Within the same city, town, village	5	5.0
Within the same county	19	19.0
In immediately adjacent counties	31	31.0
More distant counties (same state)	16	16.0
More distant counties (other states)	4	4.0
% = Percent of 100 survey responses		

52. Do you plan to open additional loan production offices (LPOs) or deposit production offices (DPOs)?

	Yes	No	Valid obs.	No response
Number	11	69	80	20
Percent of valid observations	13.7	86.3		

If so, where will the new LPOs/DPOs be located in relation to your bank's main office? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Within the same city, town, village	1	1.0
Within the same county	3	3.0
In immediately adjacent counties	6	6.0
More distant counties (same state)	7	7.0
More distant counties (other states)	2	2.0
% = Percent of 100 survey responses		

53. What level of competition do you expect from these sources for deposits during the next five years?

Check if competitor has an office in your community		Competitor	Level of competition:										Valid obs.	No response
			Very intense		Intense		Moderate		Weak		None or very weak			
Yes	%		n	%	n	%	n	%	n	%	n	%		
62	62.0	Community banks	28	30.4	33	35.9	30	32.6	0	0.0	1	1.1	92	8
36	36.0	Larger banking organizations owned by out-of-state banking organizations	11	12.8	17	19.8	34	39.5	17	19.8	7	8.1	86	14
32	32.0	Larger banking organizations owned by in-state banking organizations	9	10.8	18	21.7	38	45.8	14	16.9	4	4.8	83	17
31	31.0	Thrifts	8	9.8	17	20.7	32	39.0	19	23.2	6	7.3	82	18
42	42.0	Credit unions	22	25.3	20	23.0	28	32.2	16	18.4	1	1.1	87	13
25	25.0	Financial institutions on the Internet	4	4.8	13	15.5	31	36.9	26	31.0	10	11.9	84	16
48	48.0	Insurance companies	6	6.7	19	21.3	36	40.4	21	23.6	7	7.9	89	11
37	37.0	Mutual funds	7	8.1	29	33.7	38	44.2	8	9.3	4	4.7	86	14
37	37.0	Securities firms	12	14.0	24	27.9	34	39.5	12	14.0	4	4.7	86	14
4	4.0	Other (describe)	2	33.3	3	50.0	0	0.0	1	16.7	0	0.0	6	94

n=Number of responses; %=Percent of 100 survey responses

54. What level of competition do you expect from these sources for loans during the next five years?

Check if competitor has an office in your community		Competitor	Level of competition:										Valid obs.	No response
			Very intense		Intense		Moderate		Weak		None or very weak			
n	%		n	%	n	%	n	%	n	%	n	%		
61	61	Community banks	33	35.5	38	40.9	21	22.6	0	0.0	1	1.1	93	7
35	35	Larger banking organizations owned by out-of-state banking organizations	7	8.0	24	27.3	35	39.8	18	20.5	4	4.5	88	12
34	34	Larger banking organizations owned by in-state banking organizations	7	8.3	32	38.1	31	36.9	11	13.1	3	3.6	84	16
33	33	Thrifts	4	4.8	16	19.0	34	40.5	26	31.0	4	4.8	84	16
43	43	Credit unions	12	13.3	31	34.4	26	28.9	19	21.1	2	2.2	90	10
44	44	Insurance companies	5	5.7	11	12.5	39	44.3	20	22.7	13	14.8	88	12
29	29	Securities firms	3	3.9	4	5.2	16	20.8	35	45.5	19	24.7	77	23
41	41	Farm credit associations	31	35.6	34	39.1	9	10.3	8	9.2	5	5.7	87	13
42	42	Lending subsidiaries of machinery and auto dealers (e.g., John Deere Credit, GMAC)	26	29.2	37	41.6	19	21.3	2	2.2	5	5.6	89	11
29	29	Finance companies	4	4.8	17	20.2	27	32.1	29	34.5	7	8.3	84	16
25	25	Financial institutions on the Internet	2	2.5	12	14.8	34	42.0	24	29.6	9	11.1	81	19
30	30	Mortgage companies	15	17.4	31	36.0	29	33.7	9	10.5	2	2.3	86	14
16	16	National credit card marketers (VISA, MC, AMEX, Discover)	6	8.8	19	27.9	24	35.3	14	20.6	5	7.4	68	32
2	2	Other (describe)	1	16.7	0	0.0	3	50.0	0	0.0	2	33.3	6	94

n=Number of responses; %=Percent of 100 survey responses

55. What challenges, if any, do you anticipate in the following areas **during the next five years?**

Performance:	Level of challenge:								Valid obs.	No response
	Significant		Moderate		Slight		None			
	n	%	n	%	n	%	n	%		
Maintaining or increasing capital	7	7.6	40	43.5	29	31.5	16	17.4	92	8
Maintaining credit quality	23	24.7	51	55.4	15	16.3	4	4.3	93	7
Maintaining and attracting retail deposits	49	53.3	36	39.1	7	7.6	0	0.0	92	8
Developing new sources of noninterest income	55	59.1	32	34.8	6	6.5	0	0.0	93	7
Achieving satisfactory growth of loans	44	47.3	40	43.5	8	8.7	1	1.1	93	7
Meeting community credit needs	3	3.2	28	30.4	43	46.7	19	20.7	93	7
Achieving a satisfactory net interest margin and ROAA	47	50.5	38	41.3	8	8.7	0	0.0	93	7
Promoting community development	15	16.3	42	45.7	30	32.6	5	5.4	92	8
Meeting the needs of ethnic groups	3	3.3	21	22.8	38	41.3	30	32.6	92	8
Competition:	Significant		Moderate		Slight		None			
Competing with nonbank financial service providers	38	40.9	41	44.6	13	14.1	1	1.1	93	7
Meeting competition from community banks	44	47.3	39	42.4	9	9.8	1	1.1	93	7
Meeting competition from larger banking organizations	21	22.8	43	46.7	24	26.1	4	4.3	92	8
Meeting competition from credit unions	29	31.5	30	32.6	25	27.2	8	8.7	92	8
Organization:	Significant		Moderate		Slight		None			
Maintaining an active and knowledgeable management/ownership group	8	8.6	37	40.2	32	34.8	16	17.4	93	7
Meeting regulatory compliance requirements	39	42.4	37	40.2	13	14.1	3	3.3	92	8
Maintaining a secure electronic environment	34	36.6	46	50.0	11	12.0	2	2.2	93	7
Implementing increased powers (merchant banking, securities and insurance brokerage and underwriting)	10	10.8	38	41.3	33	32.9	12	13.0	93	7
Dealing with technological change	39	42.4	42	45.7	10	10.9	1	1.1	92	8
Effectively utilizing new technological devices	35	37.6	43	46.7	15	16.3	0	0.0	93	7
Managing third party vendor relationships	11	11.8	45	48.9	32	34.8	5	5.4	93	7
Economic:	Significant		Moderate		Slight		None			
Long term population loss	30	32.6	33	35.9	19	20.7	10	10.9	92	8
Slow growth in your community	39	41.9	32	34.8	17	18.5	5	5.4	93	7
Lack of opportunities for diversification	37	40.2	31	33.7	19	20.7	5	5.4	92	8
n=Number of responses; %=Percent of 341 survey responses										

V. Interest Rate Risk Practices

56. Which of the following interest rate risk measurement tools/ measures does your bank primarily use to monitor your interest rate risk position? (check all that apply)

Type of tools used:	Checked Boxes		Type of risk measures	Checked Boxes	
	Number	Percent of obs.		Number	Percent of obs.
Static GAP report	65	65.0	Net interest income at risk	89	89.0
Dynamic GAP report	27	27.0	Economic value of equity	44	44.0
Interest rate risk	71	71.0	Fair value equity at risk	42	42.0
Income simulation	46	46.0	Duration	42	42.0
% = Percent of 100 survey responses					

57. Does your bank obtain interest rate risk reports from an outside vendor, broker or correspondent bank on a regular basis?

	Yes	No	Valid obs.	No response
Number	66	31	97	3
Percent of valid observations	68.0	32.0		

58. Please indicate all of the types of limits that are included in your bank's Asset Liability Management Policy:

Types of limits included in ALM policy:	Checked Boxes	
	Number	Percent of obs.
Economic value of equity limit	33	33.0
Net interest income	79	79.0
Net income	48	48.0
Rate sensitive assets to rate sensitive liabilities	65	65.0
% = Percent of 100 survey responses		

59. At year-end 2003, the interest rate risk model(s) your bank uses in its decision making indicates:

If market rates rise by 200 basis points, bank's net interest income will...

	Checked Boxes	
	Number	Percent of obs.
Rise	44	51.2
Fall	31	36.0
Not Change	11	12.8
Valid observations	86	
No response	14	

If market rates rise by 200 basis points, bank's economic value of equity will...

	Checked Boxes	
	Number	Percent of obs.
Rise	26	31.3
Fall	47	56.7
Not change	10	12.0
Valid observations	83	
No response	17	

If market rates fall by 200 basis points, bank's net interest income will...

	Checked Boxes	
	Number	Percent of obs.
Rise	26	36.1
Fall	36	50.0
Not change	10	13.9
Valid observations	72	
No response	28	

If market rates fall by 200 basis points, bank's economic value of equity will...

	Checked Boxes	
	Number	Percent of obs.
Rise	37	50.6
Fall	18	24.7
Not change	18	24.7
Valid observations	73	
No response	27	

60. Has your bank taken any action in response to model forecasts, e.g., changed term structure of assets and liabilities, emphasized more fixed or variable rate loans, entered into interest rate swaps, used interest rate futures?

	Yes	No	Valid obs.	No response
Number	51	40	91	9
Percent of valid observations	56.0	44.0		

61. During 2003, your bank's interest rate risk models correctly predicted the direction of change in net interest income or net income in response to interest rate movements?

	Checked Boxes	
	Number	Percent of obs.
Every time	13	15.7
Most of the time	64	77.1
Seldom	6	7.2
Never	0	0.0
Valid observations	83	
No response	17	

VI. Internet Banking Services

62. Does your bank have broadband (T1 line, satellite, digital subscriber line, cable modem) Internet access?

	Yes	No	Valid obs.	No response
Number	74	20	94	6
Percent of valid observations	78.7	21.3		

If your bank does not currently have broadband access, are there plans to obtain such access within the next year?

	Yes	No	Valid obs.	No response
Number	2	20	22	78
Percent of valid observations	9.1	90.9		

63. Has your bank experienced material fraud losses through its Internet banking products?

	Yes	No	Valid obs.	No response
Number	0	85	85	15
Percent of valid observations	0.0	100.0		

64. Has fraud resulting from the use of another's identity and personal information to open an unauthorized account occurred at your institution?

	Yes	No	Valid obs.	No response
Number	11	77	88	12
Percent of valid observations	12.5	87.5		

65. Have any of your customers reported being victims of identity theft?

	Yes	No	Valid obs.	No response
Number	40	50	90	10
Percent of valid observations	44.4	55.6		

66. Does your institution have a procedure for assisting customers who report being victims of identity theft?

	Yes	No	Valid obs.	No response
Number	56	34	90	10
Percent of valid observations	62.2	37.8		

VII. Payments System Issues

ATM Card Issuers and Owners

67. Does your institution deploy ATMs?

	Yes	No	Valid obs.	No response
Number	75	19	94	6
Percent of valid observations	79.8	20.2		

If yes, how many?

	Checked Boxes	
	Number	Percent of obs.
1-2	37	49.3
3-5	20	26.7
6-10	11	14.7
11-15	5	6.7
15-20	1	1.3
21-30	1	1.3
31-50	0	0.0
More than 50	0	0.0
Valid observations	75	
No response	25	

68. Does your institution use any processors for any of the following ATM services?
(check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Terminal driving	44	44.0
Gateway	26	26.0
Single-point settlement	27	27.0
Does not use	20	20.0
% = Percent of 100 survey responses		

If so, do you utilize any of the following processors? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Concord	12	16.9
eFunds	7	9.9
Metavante	7	9.9
InterCept	5	7.0
Genpass	0	0.0
Lynk Systems	4	5.6
Shazam	21	29.6
Other (specify) _____	15	21.1
Valid observations	71	
No response	29	

69. To which ATM networks does your institution belong? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
PLUS	44	44.0
CIRRUS	49	49.0
NYCE	3	3.0
MoneyMaker	1	1.0
Star	4	4.0
Pulse	51	51.0
Accel/Exchange	12	12.0
Shazam	1	1.0
Other (specify) _____	27	27.0
% = Percent of 100 survey responses		

70. How many ATM cards has your institution issued?

	Checked Boxes	
	Number	Percent of obs.
None	6	7.0
1-100	5	5.7
101-300	14	16.3
301-500	11	12.8
501-1000	14	16.3
1001-2000	11	12.8
2001-5000	19	22.1
5001-1000	6	7.0
More than 10,000	0	0.0
Valid observations	86	
No response	14	

71. Does your institution charge a surcharge?

	Yes	No	Valid obs.	No response
Number	63	22	85	15
Percent of valid observations	74.1	25.9		

72. Does your institution belong to surcharge free alliance?

	Yes	No	Valid obs.	No response
Number	16	70	86	14
Percent of valid observations	18.6	81.4		

Debit Card Issuers

73. Does your institution issue offline (signature-based) debit cards?

	Yes	No	Valid obs.	No response
Number	58	37	95	5
Percent of valid observations	61.1	38.9		

If yes, is your institution sponsored by another institution?

	Yes	No	Valid obs.	No response
Number	20	44	64	36
Percent of valid observations	61.1	38.9		

74. Does your institution belong to any of the following online (PIN-based) debit networks? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Star	45	45.0
Interlink	4	4.0
NYCE	2	2.0
Pulse	28	28.0
Maestro	12	12.0
Accel/Exchange	5	5.0
Shazam	1	1.0
Other (specify) _____	4	4.0
% = Percent of 100 survey responses		

75. How many debit cards has your institution issued?

Offline Only

	Checked Boxes	
	Number	Percent of obs.
None	31	45.6
1-100	6	8.8
101-300	9	13.2
301-500	6	8.8
501-1000	6	8.8
1001-2000	5	7.4
2001-5000	4	5.9
5001-1000	1	1.5
More than 10,000	0	0.0
Valid observations	68	
No response	32	

Online Only

	Checked Boxes	
	Number	Percent of obs.
None	28	51.9
1-100	3	5.5
101-300	2	3.7
301-500	2	3.7
501-1000	4	7.4
1001-2000	4	7.4
2001-5000	9	16.7
5001-1000	2	3.7
More than 10,000	0	0.0
Valid observations	54	
No response	46	

Combined both

	Checked Boxes	
	Number	Percent of obs.
None	8	12.1
1-100	4	6.0
101-300	9	13.6
301-500	10	15.2
501-1000	11	16.7
1001-2000	7	10.6
2001-5000	12	18.2
5001-1000	5	7.6
More than 10,000	0	0.0
Valid observations	66	
No response	34	

76. Does your institution charge a PIN fee?

	Yes	No	Valid obs.	No response
Number	7	83	90	10
Percent of valid observations	7.8	92.2		

77. Does your institution offer a rewards program for offline debit, online debit or both?

	Checked Boxes	
	Number	Percent of obs.
Offline only	0	0.0
Online only	0	0.0
Both	0	0.0
Neither	88	88.0
Valid observations	88	
No response	12	

78. As a debit card issuer, does your institution use any processors for any of the following debit card services? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Core data processing	40	40.0
Single-point settlement	41	41.1
Transaction authorization	26	26.0
Gateway	22	22.0
Does not use	20	20.0
% = Percent of 100 survey responses		

If so, do you utilize any of the following processors? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Concord	9	9.0
Fiserv	10	10.0
First Data	1	1.0
Metavante	6	6.0
Intercept	3	3.0
VisaDPS	9	9.0
NYCE	1	1.0
MPS	1	1.0
Certegy	4	4.0
Other (specify) _____	19	19.0
% = Percent of 100 survey responses		

Credit Card Issuers

79. Does your institution issue credit cards as a principal member or an agent bank of a principal member?

	Checked Boxes	
	Number	Percent of obs.
Principal	11	11.6
Agent bank	46	48.4
Does not issue	38	40.0
Valid observations	95	
No response	5	

80. Which credit cards does your institution issue?

	Checked Boxes	
	Number	Percent of obs.
Visa	55	72.4
Mastercard	18	23.7
Other (specify) _____	3	3.9
Valid observations	76	
No response	24	

81. Are you interested in issuing credit cards other than Visa and MasterCard?

	Yes	No	Valid obs.	No response
Number	3	81	84	16
Percent of valid observations	3.6	96.4		

82. How many credit cards has your institution issued?

	Checked Boxes	
	Number	Percent of obs.
100 or less	18	30.0
101-300	9	15.0
301-500	6	10.0
501-1000	16	26.7
1001-2000	7	11.7
2001-5000	1	1.7
5001-1000	2	3.2
More than 10,000	1	1.7
Valid observations	60	
No response	40	

83. As a credit card issuer, does your institution use a processor for any of the following services? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Account maintenance	28	28.0
Risk management	21	21.0
Transaction authorization	25	25.0
Does not use	27	27.0
% = Percent of 100 survey responses		

If so, do you utilize any of the following processors? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
First Data	3	3.0
Concord	1	1.0
TSYS	0	0.0
MPS	0	0.0
Certegy	13	13.0
Other (specify) _____	6	6.0
% = Percent of 100 survey responses		

Merchant Acquirers

84. Does your institution acquire merchant transactions?

	Yes	No	Valid obs.	No response
Number	36	52	88	12
Percent of valid observations	40.9	59.1		

If yes, does your institution use a processor for any of the following services? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
Recruit merchants	6	6.0
Transaction processing	31	31.0
Single-point settlement	15	15.0
Does not use	8	8.0
% = Percent of 100 survey responses		

If so, do you utilize any of the following processors? (check all that apply)

	Checked Boxes	
	Number	Percent of obs.
First Data	1	1.0
Vital Processing	1	1.0
Paymentech	2	2.0
Concord	11	11.0
National City Processing	1	1.0
Certegy	0	0.0
Other (specify) _____	10	10.0
% = Percent of 100 survey responses		

85. If not, is your institution an agent bank of another merchant acquirer?

	Yes	No	Valid obs.	No response
Number	30	37	67	33
Percent of valid observations	44.8	55.2		

86. Do you have any general comments on the future of banking and/or more detailed responses to any of the previous questions? If so, please write them below or attach a separate sheet(s).

Thank you for completing this survey