

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

Nebraska Survey Responses



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

February 18, 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		

The following survey data represents responses from Nebraska respondents only.

2. Your bank has a:

	National charter	State charter	Valid obs.	No response
Number	28	46	74	0
Percent of valid observations	37.8	62.2		

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

	Number	Percent of obs.
Less than \$150 million	67	90.5
\$150 to \$300 million	5	6.8
\$300 million to \$1 billion	2	2.7
Valid observations	74	
No response	0	

4. Your offices are located within:

	Number	Percent of obs.
a single county	42	61.8
in more than one county within a state	22	32.3
in more than one state	4	5.9
Valid observations	68	
No response	6	

5. Bank structure:

	Number	Percent of obs.
Independent bank (not in a bank holding company)	7	9.5
Member of a one-bank holding company	57	77.0
Member of multi-bank holding company	10	13.5
Valid observations	74	
No response	0	

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	60	81.1
\$150 to \$300 million	8	10.8
\$300 million to \$1 billion	4	5.4
Over \$1 billion	2	2.7
Valid observations	74	
No response	0	

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)	1.14%	62
2001 (YE)	0.97%	62
2002 (YE)	1.22%	62
2003 (9/30)	1.37%	63

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

	Yes	No	Valid obs.	No response
Number	24	50	74	0
Percent of valid observations	32.4	67.6		

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	5	5	2	0	2	2	2	18	6
Percent of valid observations	27.8	27.8	11.1	0.0	11.1	11.1	11.1		

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	51	71.8
2,500 to 9,999	10	14.1
10,000 to 19,999	2	2.8
20,000 to 99,999	4	5.6
100,000 to 249,999	0	0.0
Over 250,000	4	5.6
Valid observations	71	
No response	3	

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	28	39.4
Between 0% - 2% growth	22	31.0
Between 2% - 5% growth	7	9.9
Between 5% - 10% growth	8	11.3
Between 10% - 15% growth	3	4.2
Between 15% - 20% growth	1	1.4
Over 20% growth	2	2.8
Valid observations	71	
No response	3	

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

	Yes	No	Valid obs.	No response
Number	0	73	73	1
Percent of valid observations	0.0	73.0		

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	59	14	73	1
Percent of valid observations	80.8	19.2		

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

	Yes	No	Valid obs.	No response
Number	44	29	73	1
Percent of valid observations	60.3	39.7		

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
14.5	8	1	160	71	3

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
2.9	3	1	21	71	3

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	19	54	73	1
Percent of valid observations	26.0	74.0		

16. The primary economic support for your community is:

	Number	Percent of obs.
Agriculture	65	89.0
Manufacturing	0	0.0
Service	7	9.6
Government	0	0.0
Mining/Energy	0	0.0
Tourism	0	0.0
Other	1	1.4
Valid observations	73	
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	5	67	72	2
Percent of valid observations	6.9	93.1		

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

	Yes	No	Valid obs.	No response
Number	17	55	72	2
Percent of valid observations	23.6	76.4		

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

	Yes	No	Valid obs.	No response
Number	12	58	70	4
Percent of valid observations	17.1	82.9		

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

	Yes	No	Valid obs.	No response
Number	22	48	70	4
Percent of valid observations	31.4	68.6		

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	16.8	15.1	11.2	15.9
	Median	14.5	14.5	9.5	14.0
	Minimum	0.5	0.5	0.5	2.0
	Maximum	46.0	42.0	30.0	45.0
	Valid obs.	70	32	56	64
	No response	4	42	18	10
Age	Average	55.0	49.7	48.0	48.9
	Median	55.0	47.5	48.0	49.0
	Valid obs.	71	32	55	62
	No response	3	42	19	12
Is the individual a family member or part of the ownership group that controls the bank (Y/N)	Percent Yes	60.6	48.4	18.5	17.5
	Valid obs.	43	15	10	11
	No response	3	43	64	63
Does the individual plan to retire within the next five years? (Y/N)	Percent Yes	23.9	21.9	10.7	23.4
	Valid obs.	17	7	6	15
	No response	57	67	68	59
If yes, will a family member or member of the ownership group likely fill the position? (Y/N)	Percent Yes	30.3	27.8	4.0	12.5
	Valid obs.	10	5	1	4
	No response	64	69	73	70

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

	Yes	No	N/A	Valid obs.	No response
Number	29	34	8	71	3
Percent of valid observations	40.8	47.9	11.3		

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	43	24	4	71	3
Percent of valid observations	60.6	33.8	5.6		

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	7	16	48	71	3
Percent of valid observations	9.9	22.5	67.6		

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
2.27	2.0	0	7	73	1

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

	Increased	Decreased	Same	Valid obs.	No response
Number	8	11	52	71	3
Percent of valid observations	11.3	15.5	73.2		

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

Average	Median	Minimum	Maximum	Valid obs.	No response
10.5	12.0	4	24	73	1

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
\$3,338	\$3,000	0	\$9,600	67	7

Is this payment made regardless of meeting attendance?

	Yes	No	Valid obs.	No response
Number	28	35	63	11
Percent of valid observations	44.4	55.6		

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	7	66	73	1
Percent of valid observations	9.6	90.4		

If yes, this compensation consists of:

	Common stock	Cash	Other	Valid obs.	No response
Number	0	5	2	7	67
Percent of valid observations	0.0	71.4	28.6		

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

Committee Exists		Committee	President and/or CEO		Other bank officers		Outside Directors					
			Yes	%	Yes	%	Serve on Committee		Are a Majority of the Committee		Chair the Committee	
Yes	No		Yes	%	Yes	%	Yes	%	Yes	%	Yes	%
62	3	Loan	62	100.0	59	95.2	27	43.5	5	8.1	2	3.2
56	3	Asset/Liability Management	55	98.2	53	94.6	14	25.0	4	7.1	0	0.0
51	5	Investment	49	96.1	42	82.4	16	31.4	5	9.8	2	3.9
36	7	Audit	23	63.9	25	69.4	20	55.6	11	30.6	6	16.7
5	12	Nominating	5	100.0	3	60.0	3	60.0	2	40.0	0	0.0
14	10	Compensation	14	100.0	7	50.0	5	35.7	4	28.6	0	0.0
22	9	Operations Risk	18	81.8	20	90.9	4	18.2	1	4.5	0	0.0

%=Percent of yes responses as a percent of valid observations

30. In general, who determines committee membership?

	Checked Boxes	
	Number	Percent of obs.
Board chairman	24	32.9
CEO	18	24.7
Directors	28	38.4
Other (specify)	3	4.1
Valid observations	73	
No response	1	

31. In general, are committee assignments periodically rotated?

	Yes	No	Valid obs.	No response
Number	12	60	72	2
Percent of valid observations	16.7	83.3		

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
25.3	12.5	0	100	72	2

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

Average	Median	Minimum	Maximum	Valid obs.	No response
14.6	14.0	0.6	40	70	4

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

	Checked Boxes	
	Number	Percent of obs.
Retirement	7	31.8
Illness	1	4.5
Death	4	18.2
Accept a position at another bank	2	9.1
Seek career outside banking	1	4.5
To buy his or her own bank	0	0.0
Asked to step down by a banking supervisor	0	0.0
Asked to step down by board of directors	3	13.6
Change of bank's ownership	2	9.1
Other	2	9.1
Valid observations	22	

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

	Yes	No	Valid obs.	No response
Number	4	69	73	1
Percent of valid observations	5.5	94.5		

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	63	64	10
Percent of valid observations	1.6	98.4		

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

	Yes	No	Valid obs.	No response
Number	7	64	71	3
Percent of valid observations	9.9	90.1		

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

	Yes	No	Valid obs.	No response
Number	1	66	67	7
Percent of valid observations	1.5	98.5		

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

	Yes	No	Valid obs.	No response
Number	36	34	70	4
Percent of valid observations	51.4	48.6		

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

	Yes	No	Valid obs.	No response
Number	6	67	73	1
Percent of valid observations	8.2	91.8		

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

	Yes	No	Valid obs.	No response
Number	42	29	71	3
Percent of valid observations	59.2	40.8		

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

	Checked Boxes	
	Number	Percent of obs.
Trade Association	26	26.0
Consultant	7	7.0
Academic Institution	3	3.0
Governmental Body	2	2.0
Banking Supervisor – State Banking Department, FDIC, OCC, Federal Reserve	27	27.0
Other (describe)	6	6.0
% = Percent of 74 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	3.31	17.16	55.91	<ul style="list-style-type: none"> ▪ Ownership interest in the bank or bank holding company ▪ Business expertise related to occupation or business interests ▪ Community leader ▪ Family member ▪ Background as financial expert or accounting/audit experience ▪ Large loan/deposit customer 	55.46%
Outside	2.36	13.34	60.95		10.06%

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

	Yes	No	Valid obs.	No response
Number	24	49	73	1
Percent of valid observations	32.9	67.1		

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

	Checked Boxes	
	Number	Percent of obs.
Bank President	14	38.9
Board of Directors	8	22.2
Board Committee	2	5.6
Outside Party	5	13.9
Director Self Assessment	2	5.6
Other (describe)	5	13.9
Valid observations	36	
No response	38	

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	19	50	69	5
Percent of valid observations	0.0	27.5	72.5		

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	Community Reinvestment Act (CRA)
8	Regulation D and limits on transfers/withdrawals from money markets
9	Appraisal regulations
10	Extensions of credit to insiders and Regulation O
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	50	67.6	Offsite	21	42.9	Onsite	28	57.1
Loan Processing	48	64.9	Offsite	14	30.4	Onsite	32	69.6
Securities Processing	48	64.9	Offsite	30	65.2	Onsite	16	34.8
General Ledger	47	63.5	Offsite	19	44.2	Onsite	24	55.8
Accounts Payable	23	31.1	Offsite	3	15.0	Onsite	17	85.0
Financial Reporting	31	41.9	Offsite	4	13.8	Onsite	25	86.2
Internet Site	25	33.8	Offsite	19	95.0	Onsite	1	5.0
Asset Liability Model	36	48.6	Offsite	8	25.0	Onsite	24	75.0
Mortgage Origination	29	39.2	Offsite	11	40.7	Onsite	16	59.3
*%=Percent of 74 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	15	20.3
External Audit	56	75.7
Compliance Management	23	31.1
% = Percent of 74 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	21	31.8	28	42.4	17	25.8	66	8
Operational efficiency	11	19.6	35	62.5	10	17.9	56	18
Overall operating expenses	6	10.7	33	58.9	17	30.4	56	18
Complexity in back office processing ops.	6	10.5	42	73.7	9	15.8	57	17
Technology investment - imaging equipment	4	7.1	51	91.1	1	1.8	56	18
Customer confusion	5	10.9	40	87.0	1	2.2	46	28
Customer service/new products	19	33.9	35	62.5	2	3.6	56	18
Compliance costs, e.g., customer notifications	8	14.0	47	82.5	2	3.5	57	17
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	35	47.3
Review vendor's information security policy documents	36	48.6
Review physical security controls	21	28.4
Review vendor's business continuity plans	26	35.1
Research complaints, litigation or liens against the vendor	18	24.3
Check references from current and former clients	51	68.9
Other (specify)	3	4.1
<u>Financial Analysis or Review</u>		
Review of fiscal and quarterly audits	40	54.1
Review available SEC filings	9	12.2
Review available financial ratings (Standard&Poors, Dunn and Bradstreet, etc.)	21	28.4
Review credit reports	9	12.2
Other (specify)	5	6.8
<u>Independent Analysis</u>		
Review analyst reports and user-group information	16	21.6
Review Multi-Regional Data Processing Service Providers (MDPS) reports	2	2.7
% = Percent of 74 survey responses		

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

	Yes	No	Unsure	Valid obs.	No response
Number	19	13	35	67	7
Percent of valid observations	28.4	19.4	52.2		

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	54	76.1	13	18.3	3	4.2	1	1.4	71	3
Operating under new ownership but with the same structure	3	4.6	5	7.7	9	13.8	48	73.8	65	9
Acquired by a community banking organization	0	0.0	1	1.5	14	21.2	51	77.3	66	8
Acquired by a larger or regional organization	0	0.0	1	1.5	8	12.3	56	86.2	65	9
Acquiring other banking offices	9	13.6	12	18.2	29	43.9	16	24.2	66	8
% = 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	27	34	61	13
Percent of valid observations	44.3	55.7		

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	6	8.1
Within the same county	13	17.6
In immediately adjacent counties	20	27.0
More distant counties (same state)	10	13.5
More distant counties (other states)	4	5.4
% = Percent of 74 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	9	55	64	10
Percent of valid observations	14.1	85.9		

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	0	0.0
Within the same county	3	4.1
In immediately adjacent counties	6	8.1
More distant counties (same state)	1	1.4
More distant counties (other states)	1	1.4
% = Percent of 74 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	%		
37	82.2	Community banks	13	18.1	28	38.9	31	43.1	0	0.0	0	0.0	72	2
17	58.6	Larger banking organizations owned by out-of-state banking organizations	5	7.4	19	27.9	25	36.8	16	23.5	3	4.4	68	6
22	64.7	Larger banking organizations owned by in-state banking organizations	13	18.6	26	37.1	21	30.0	9	12.9	1	1.4	70	4
17	58.6	Thrifts	5	7.5	13	19.4	29	43.3	17	25.4	3	4.5	67	7
16	59.3	Credit unions	8	11.9	14	20.9	30	44.8	12	17.9	3	4.5	67	7
11	55.0	Financial institutions on the Internet	2	3.0	8	12.1	28	42.4	24	36.4	4	6.1	66	8
23	79.3	Insurance companies	5	7.2	11	15.9	32	46.4	19	27.5	2	2.9	69	5
18	69.2	Mutual funds	6	8.8	19	27.9	31	45.6	12	17.6	0	0.0	68	6
19	70.4	Securities firms	7	10.3	16	23.5	27	39.7	15	22.1	3	4.4	68	6
3	50.0	Other (describe)	2	18.2	0	0.0	4	36.4	2	18.2	3	27.3	11	63

n=Number of responses; %=Percent of valid observations

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	%		
37	84.1	Community banks	15	21.1	27	38.0	28	39.4	1	1.4	0	0.0	71	3
18	64.3	Larger banking organizations owned by out-of-state banking organizations	7	10.4	21	31.3	22	32.8	15	22.4	2	3.0	67	7
23	71.9	Larger banking organizations owned by in-state banking organizations	12	17.1	27	38.6	24	34.3	7	10.0	0	0.0	70	4
15	57.7	Thrifts	4	6.0	11	16.4	30	44.8	18	26.9	4	6.0	67	7
14	58.3	Credit unions	6	8.8	15	22.1	28	41.2	16	23.5	3	4.4	68	6
21	80.8	Insurance companies	2	2.9	13	18.8	32	46.4	19	27.5	3	4.3	69	5
13	59.1	Securities firms	1	1.6	5	7.9	18	28.6	30	47.6	9	14.3	63	11
21	72.4	Farm credit associations	36	50.0	23	31.9	11	15.3	1	1.4	1	1.4	72	2
26	86.7	Lending subsidiaries of machinery and auto dealers (e.g., John Deere Credit, GMAC)	27	38.0	29	40.8	14	19.7	1	1.4	0	0.0	71	3
13	56.5	Finance companies	3	4.5	12	17.9	33	49.3	17	25.4	2	3.0	67	7
11	52.4	Financial institutions on the Internet	2	3.0	7	10.6	28	42.4	20	30.3	9	13.6	66	8
14	60.9	Mortgage companies	6	8.8	16	23.5	34	50.0	10	14.7	2	2.9	68	6
9	69.2	National credit card marketers (VISA, MC, AMEX, Discover)	5	8.5	13	22.0	28	47.5	10	16.9	3	5.1	59	15
2	100.0	Other (describe)	3	27.3	0	0.0	2	18.2	3	27.3	3	27.3	11	63

n=Number of responses; %=Percent of valid observations

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	3	4.3	29	41.4	31	44.3	7	10.0	70	4
Maintaining credit quality	12	16.9	48	67.6	11	15.5	0	0.0	71	3
Maintaining and attracting retail deposits	30	42.3	29	40.8	11	15.5	1	1.4	71	3
Developing new sources of noninterest income	42	59.2	23	32.4	6	8.5	0	0.0	71	3
Achieving satisfactory growth of loans	34	47.9	31	43.7	6	8.5	0	0.0	71	3
Meeting community credit needs	2	2.8	22	31.0	40	56.3	7	9.9	71	3
Achieving a satisfactory net interest margin and ROAA	31	43.7	31	43.7	9	12.7	0	0.0	71	3
Promoting community development	11	15.5	35	49.3	22	31.0	3	4.2	71	3
Meeting the needs of ethnic groups	1	1.4	16	22.5	42	59.2	12	16.9	71	3
Competition:	Significant		Moderate		Slight		None			
Competing with nonbank financial service providers	28	40.0	34	48.6	8	11.4	0	0.0	70	4
Meeting competition from community banks	19	27.1	41	58.6	10	14.3	0	0.0	70	4
Meeting competition from larger banking organizations	14	20.0	44	62.9	11	15.7	1	1.4	70	4
Meeting competition from credit unions	12	17.1	28	40.0	29	41.4	1	1.4	70	4
Organization:	Significant		Moderate		Slight		None			
Maintaining an active and knowledgeable management/ownership group	9	13.0	31	44.9	24	34.8	5	7.2	69	5
Meeting regulatory compliance requirements	32	46.4	26	37.7	9	13.0	2	2.9	69	5
Maintaining a secure electronic environment	31	45.6	27	39.7	9	13.2	1	1.5	68	6
Implementing increased powers (merchant banking, securities and insurance brokerage and underwriting)	5	7.2	28	40.6	29	42.0	7	10.1	69	5
Dealing with technological change	28	40.6	32	46.4	9	13.0	0	0.0	69	5
Effectively utilizing new technological devices	27	39.1	32	46.4	9	13.0	1	1.4	69	5
Managing third party vendor relationships	12	17.6	25	36.8	27	39.7	4	5.9	68	6
Economic:	Significant		Moderate		Slight		None			
Long term population loss	27	39.1	12	17.4	17	24.6	13	18.8	69	5
Slow growth in your community	33	47.8	14	20.3	14	20.3	8	11.6	69	5
Lack of opportunities for diversification	28	41.2	25	36.8	10	14.7	5	7.4	68	6
n=Number of responses; %=Percent of valid observations										

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	47	63.5	Net interest income at risk	60	81.1
Dynamic GAP report	29	39.2	Economic value of equity	22	29.7
Interest rate risk	40	54.1	Fair value equity at risk	15	20.3
Income simulation	27	36.5	Duration	22	29.7
% = Percent of 74 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	33	38	71	3
Percent of valid observations	46.5	53.5		

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	20	27.0
Net interest income	54	73.0
Net income	44	59.5
Rate sensitive assets to rate sensitive liabilities	46	62.2
% = Percent of 74 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	32	50.8
Fall	24	38.1
Not Change	7	11.1
Valid observations	63	
No response	11	

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

	Checked Boxes	
	Number	Percent of obs.
Rise	17	27.4
Fall	32	51.6
Not change	13	21.0
Valid observations	62	
No response	12	

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

	Checked Boxes	
	Number	Percent of obs.
Rise	21	38.9
Fall	20	37.0
Not change	13	24.1
Valid observations	54	
No response	20	

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

	Checked Boxes	
	Number	Percent of obs.
Rise	17	31.5
Fall	15	27.8
Not change	22	40.7
Valid observations	54	
No response	20	

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	40	30	70	4
Percent of valid observations	57.1	42.9		

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	2	3.0
Most of the time	53	79.1
Seldom	11	16.4
Never	1	1.5
Valid observations	67	
No response	7	

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	53	14	67	7
Percent of valid observations	79.1	20.9		

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	7	9	16	58
Percent of valid observations	43.8	56.2		

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

	Yes	No	Valid obs.	No response
Number	0	63	63	11
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	3	57	60	14
Percent of valid observations	5.0	95.0		

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

	Yes	No	Valid obs.	No response
Number	21	44	65	9
Percent of valid observations	32.3	67.7		

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

	Yes	No	Valid obs.	No response
Number	42	19	61	13
Percent of valid observations	68.9	31.1		

VII. Payments System Issues

ATM Card Issuers and Owners

67. Does your institution deploy ATMs?

	Yes	No	Valid obs.	No response
Number	57	14	71	3
Percent of valid observations	80.3	19.7		

If yes, how many?

	Checked Boxes	
	Number	Percent of obs.
1-2	26	45.6
3-5	24	42.1
6-10	3	5.3
11-15	2	3.5
15-20	1	1.8
21-30	0	0.0
31-50	0	0.0
More than 50	1	1.8
Valid observations	57	
No response	17	

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	41	55.4
Gateway	11	14.9
Single-point settlement	19	25.7
Does not use	13	17.6
% = Percent of 74 survey responses		

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

	Checked Boxes	
	Number	Percent of obs.
Concord	1	2.4
eFunds	2	4.9
Metavante	4	9.8
InterCept	4	9.8
Genpass	0	0.0
Lynk Systems	1	2.4
Shazam	5	12.2
Other (specify) _____	24	58.5
Valid observations	41	
No response	33	

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

	Checked Boxes	
	Number	Percent of obs.
PLUS	27	36.5
CIRRUS	55	74.3
NYCE	2	2.7
MoneyMaker	1	1.4
Star	18	24.3
Pulse	0	0.0
Accel/Exchange	4	5.4
Shazam	0	0.0
Other (specify) _____	6	8.1
% = Percent of 74 survey responses		

70. How many ATM cards has your institution issued?

	Checked Boxes	
	Number	Percent of obs.
None	2	3.2
1-100	2	3.2
101-300	11	17.5
301-500	21	33.3
501-1000	14	22.2
1001-2000	5	7.9
2001-5000	6	9.5
5001-1000	2	3.2
More than 10,000	0	0.0
Valid observations	63	
No response	11	

71. Does your institution charge a surcharge?

	Yes	No	Valid obs.	No response
Number	36	28	64	10
Percent of valid observations	56.3	43.7		

72. Does your institution belong to surcharge free alliance?

	Yes	No	Valid obs.	No response
Number	12	52	64	10
Percent of valid observations	18.8	81.2		

Debit Card Issuers

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

	Yes	No	Valid obs.	No response
Number	42	24	66	8
Percent of valid observations	63.6	36.4		

If yes, is your institution sponsored by another institution?

	Yes	No	Valid obs.	No response
Number	28	16	44	30
Percent of valid observations	63.6	36.4		

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	1	1.4
Interlink	31	41.9
NYCE	0	0.0
Pulse	4	5.4
Maestro	5	6.8
Accel/Exchange	0	0.0
Shazam	0	0.0
Other (specify) _____	5	6.8
% = Percent of 74 survey responses		

75. How many debit cards has your institution issued?

Offline Only

	Checked Boxes	
	Number	Percent of obs.
None	14	25.9
1-100	4	7.4
101-300	11	20.4
301-500	11	20.4
501-1000	8	14.8
1001-2000	2	3.7
2001-5000	2	3.7
5001-1000	2	3.7
More than 10,000	0	0.0
Valid observations	54	
No response	20	

Online Only

	Checked Boxes	
	Number	Percent of obs.
None	8	22.2
1-100	2	5.6
101-300	5	13.9
301-500	8	22.2
501-1000	5	13.9
1001-2000	5	13.9
2001-5000	2	5.6
5001-1000	1	2.8
More than 10,000	0	0.0
Valid observations	36	
No response	38	

Combined both

	Checked Boxes	
	Number	Percent of obs.
None	6	15.8
1-100	2	5.3
101-300	6	15.8
301-500	8	21.1
501-1000	5	13.2
1001-2000	7	18.4
2001-5000	1	2.6
5001-1000	3	7.9
More than 10,000	0	0.0
Valid observations	38	
No response	36	

76. Does your institution charge a PIN fee?

	Yes	No	Valid obs.	No response
Number	2	63	65	9
Percent of valid observations	3.1	96.9		

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

	Checked Boxes	
	Number	Percent of obs.
Offline only	1	1.6
Online only	2	3.2
Both	1	1.6
Neither	59	93.7
Valid observations	63	
No response	11	

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	29	39.2
Single-point settlement	30	40.5
Transaction authorization	7	9.5
Gateway	15	20.3
Does not use	10	13.5
% = Percent of 74 survey responses		

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

	Checked Boxes	
	Number	Percent of obs.
Concord	0	0.0
Fiserv	8	10.8
First Data	3	4.1
Metavante	5	6.8
Intercept	5	6.8
VisaDPS	6	8.1
NYCE	0	0.0
MPS	1	1.4
Certegy	2	2.7
Other (specify) _____	10	13.5
% = Percent of 74 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	8	11.6
Agent bank	27	39.1
Does not issue	34	49.3
Valid observations	69	
No response	5	

80. Which credit cards does your institution issue?

	Checked Boxes	
	Number	Percent of obs.
Visa	30	61.2
Mastercard	15	30.6
Other (specify) _____	4	8.2
Valid observations	49	
No response	25	

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

	Yes	No	Valid obs.	No response
Number	1	49	50	24
Percent of valid observations	2.0	98.0		

82. How many credit cards has your institution issued?

	Checked Boxes	
	Number	Percent of obs.
100 or less	14	36.8
101-300	11	28.9
301-500	7	18.4
501-1000	2	5.3
1001-2000	2	5.3
2001-5000	2	5.3
5001-1000	0	0.0
More than 10,000	0	0.0
Valid observations	38	
No response	36	

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	19	25.7
Risk management	15	20.3
Transaction authorization	22	29.7
Does not use	16	21.6
% = Percent of 74 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	1.4
Concord	0	0.0
TSYS	0	0.0
MPS	0	0.0
Certegy	9	12.2
Other (specify) _____	5	6.8
% = Percent of 74 survey responses		

Merchant Acquirers

84. Does your institution acquire merchant transactions?

	Yes	No	Valid obs.	No response
Number	18	46	64	10
Percent of valid observations	28.1	71.9		

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	3	4.1
Transaction processing	14	18.9
Single-point settlement	7	9.5
Does not use	4	5.4
% = Percent of 74 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	1.4
Vital Processing	0	0.0
Paymentech	1	1.4
Concord	6	8.1
National City Processing	0	0.0
Certegy	0	0.0
Other (specify) _____	1	1.4
% = Percent of 74 survey responses		

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

	Yes	No	Valid obs.	No response
Number	21	28	49	25
Percent of valid observations	42.9	57.1		

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