

Financial institutions should focus on competition, special services

Ms. McFadden said of the future of

banking.

of the man on the street will result in more

alternatives for the consumer, she said. As

banking laws become more lenient, even to

allowing banks to accept foreign deposits

and the interstate banking system, a con-

sumer may be able to borrow from a bank

in Dallas or anywhere in the country.

THE OLD conservative community bank

also will become a thing of the past, she

said. In El Paso, the trend traditionally has

been towards conservatism. But the banks

are now dealing with a recent law, the Com-

munity Reinvestment Act, mandating com-

munity banks to serve the community.

"There will be increasing pressure to

change the old traditional ways," Ms.

McFadden said.

If a branch banking system is allowed, as

it is in other states, the banking industry

may opt for branch banks or may wish to

continue with the current holding company

system in which one large company oper-

ates several banks.

automatic teller machines and possibly log-

branch bank system. Another possibility is

to allow banks to operate in the

across-state banking making it possible for

banks to operate in more than one state.

THESE ARE ALL tough decisions for

banks to make, she said, adding that there

will be increasing pressures on profit mar-

gins in the future with the passage of a

monetary control act. And interest rate

ceilings will be phased out.

"The era of cheap, stable sources of funds

is over."

"We'll have to choose who we want to

serve, and then find the most efficient way

to serve that person," Ms. McFadden

said.

IN THE FUTURE, the consumer will be-

come so picky that banks as well as retail

organizations will have to consolidate bu-

sinesses into one building or area, she said.

One trip will be taken by the consumer

to do all the work and errands, she said.

"All the banks are being confronted with

Banks in the future will become more

competitive and therefore more specialized

as they compete for the dollar of the citizen,

an El Paso National Bank representative

said.

Economist Polly McFadden said the com-

petition will force banks to make a decision

— whether to serve the entire community or

to serve one small

segment through spe-

cialization.

AND THE BANKS,

to serve the consum-

er, will learn that

operating hours will

have to adjust to the

hours of the consum-

er.

"They will have to

become more geared

to the consumers'

needs," Ms. McFad-

den said.

As for banking

said the future will see the proliferation of

Polly McFadden



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