



# OPTIONS *Aplenty*

**Our Expansive Finance Industry is Great for Business**

By Beth Erickson

“*I think the number of financial institutions shows that we have a strong industry that is committed to serving the community.*”

—David Gaddie, CEO of Republic Bank

**D**o a quick thumb through the Chamber of Commerce Directory or pick up a phone book and you'll find pages – and pages – of listings for financial institutions in the Twin Ports.

From banks to credit unions to insurance companies entering the finance world, the sheer number of financial institutions within the Duluth area seems to be endless. Some 60 banks and 25 credit unions lie within the Duluth-Superior area alone.

However, this mix of financial institutions in competition for our business seems to have created a sophisticated finance industry for businesses and individual consumers alike.

#### HEALTHY COMPETITION

According to a few local finance leaders, the fierce competition should mean

superior customer service and the availability of the latest technology.

One of those leaders is Doug Ralston, vice president of Hermantown Federal Credit Union. Ralston feels the strong competition in the Duluth area financial industry and within our region keeps him and his peers on their toes – in turn giving consumers a better final product.

“The large number of institutions in the region give people the right to pick and choose what's right for them versus just accepting what's out there,” said Ralston.

And there are plenty to choose from. According to David Gaddie, president and CEO of Duluth-based Republic Bank, the plethora of options is a good indication that financial institutions in the region know how to work with our very unique business climate.

“It shows that we have a strong industry that is committed to serving the community,” said Gaddie. “The community will respect your organization, and as a result chooses to bank with you, partly because of your commitment to putting their interests first.”

The financial industry in the Duluth area is certainly not homogeneous. Each financial institution offers different products and services. Discovering which products and services suit your business best is up to the consumer, says Wayne Hibbard, president of Pioneer National Bank in Duluth.

“There are a variety of different institutions that serve different types of customers better,” said Hibbard. “For example, Pioneer is a small local bank. So if you are looking for a \$50 million loan, we probably aren't a good fit. But that doesn't

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mean there isn't another local bank available to meet those needs. It's just a matter of shopping around until you find a bank that suits your business. Each bank is quite different in that respect."

### TECHNOLOGY AND FINANCE

Globalization and the Internet have drastically changed the way we bank. In fact, several online banks such as Ditech.com, LendingTree.com and E-LOAN.com promise they can offer lower rates and loan shopping at the click of a button.

Technology is also constantly changing the face of area financial institutions. For example, many local banks and credit unions have direct check deposit. And now technology such as Check 21 is beginning to make its way into local business banking. Check 21 allows a business consumer to deposit checks right from their business through digital imaging.

Full-service Internet business banking is another technological convenience that's quickly becoming commonplace. Even the smallest banks, like Pioneer, are offering a full range of banking options available right from a computer—whether it's the ability to check account balances or pay bills online.

However, Hibbard feels that while staying on top of technology is a given, adding personal service in addition to technology is the best way to stay ahead.

"In my opinion, so much of the finance industry is about personal service and relationship building," said Hibbard. "That's where I feel local financial institutions have the advantage. But to remain competitive, we need to constantly monitor rates and stay up with technology to ensure we are providing the same benefits [as online financial institutions]."

Besides providing a solid base of options for consumers in the Twin Ports, financial institutions can play a role in boosting the regional economy.

In fact, Wells Fargo district bank president Bob Mathiasen estimates that area financial institutions give \$1 million in donations to regional non-profits each year—not to mention the low-interest loans and other programs financial institutions offer. He also feels that making this kind of impact is important—especially with larger banks

and the sometimes-negative perception he feels is attached to them.

"I think there is this misconception that national banks aren't as invested or responsible to the community as a locally owned bank. That isn't true," said Mathiasen. "If anything, I feel it's the opposite. Our former CEO used to say to us our goal is to 'outnational' the local and 'outlocal' the nationals when it comes to helping the community."

### KEEPING THE "SMALL TOWN" COMPETITIVE EDGE

As Pioneer's Hibbard touched on earlier, a high level of customer service needs to be a top priority with nearly every financial institution in the Duluth area if they wish to succeed and better the community. With fierce competition and a semi-stagnant economy, each one wants to stand out in how they serve their customers. The very best thing a financial institution can do in an area such as Duluth is to ensure their financial products and services are of the highest quality.

"[Provide] service, integrity and trust," said Knut Hovde, president and CEO of Share Advantage Credit Union. "Banking is a relationship business. The business customer is providing the lender with a great deal of information, which is needed to make a valid lending decision. The business customer needs to trust the lender to use that information prudently and assist in making a valid business decision. Trust, in my opinion, is the most important part of the lending relationship."

Hermantown's Ralston agrees, adding that long-lasting service should be about getting to know your customer.

"One-on-one service is essential in this market," said Ralston.

Providing the best needs for the overall community, according to these local finance leaders, will sit well not only with those working and benefiting from financial institutions, but also with the Duluth area consumers and businesses who are taking advantage of what the financial industry in this region has to offer.

This way, the financial advantage stays where it will do the most good—in a local level. **D**

**Beth Erickson** is a freelance writer based in Duluth.

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