

Aspinwall
Eisenbeis

Handbook for Banking Strategy

Handbook for Banking Strategy

Edited by

RICHARD C. ASPINWALL

Vice President

The Chase Manhattan Bank, N.A.

and

ROBERT A. EISENBEIS

Wachovia Professor of Banking

University of North Carolina

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Contributors

EDWARD I. ALTMAN is professor of finance and chairman of the MBA program at New York University. He has been a visiting professor at the Hautes Etudes Commerciales and Universite de Paris-Dauphine in France, at the Pontificia Catolica Universidade in Rio de Janeiro, Brazil, and the Australian Graduate School of Management. He is editor of the *Journal of Banking and Finance* and two series, Contemporary Studies in Economics and Finance (JAI Press) and the Wiley Professional Banking and Finance Series (John Wiley & Sons). Altman has published several books and over 50 articles in scholarly finance, accounting, and economic journals. His primary areas of research include bankruptcy analysis and prediction, credit and lending policies, and capital markets. He has been a consultant to several government agencies, major financial and accounting institutions, and industrial companies, and has lectured to executives in North America, South America, Europe, and Asia.

RICHARD C. ASPINWALL is vice president in the National Positioning Group of The Chase Manhattan Bank, where his responsibilities cover issues of expansion, planning, and financial regulation. Before moving to that group, he was director of banking and financial market research in the Economics Group. Prior to joining Chase in 1970, he was an economist for the Federal Reserve Bank of New York, and he has also served as adjunct assistant professor in the Graduate School of Business at Columbia University. Aspinwall's primary research interests are in the fields of financial institutions, markets, and regulation. At Chase his research in these areas has been applied to asset/liability management, expansion, and strategic planning. He has written for a number of financial and economics publications. Aspinwall holds a bachelor's degree from the University of Michigan and a Ph.D. from Columbia University, where he concentrated in economics and finance.

ROBERT A. EISENBEIS is Wachovia Professor of Banking at the School of Business Administration at the University of North Carolina at Chapel

Hill. Prior to going to Chapel Hill in early 1982, he was senior deputy associate director in the Division of Research and Statistics at the Federal Reserve Board in Washington. In that position he was in charge of basic research and policy analysis of microbanking issues, including banking market structure and performance, proposed bank holding company acquisitions, mergers, new holding company activities, and consumer regulatory issues. He also served at the FDIC, where he was assistant director of research and chief of the financial and economic research section. Eisenbeis has published more than 30 articles in professional journals and is co-author of two books. Much of his research has been devoted to problems in banking and finance, including the application of classification procedures to such problems as loan review, bond evaluation, and problem bank identification. Eisenbeis serves on editorial advisory boards of the *Journal of Bank Research*, *Journal of Financial and Quantitative Analysis*, *Journal of Banking and Finance*, *The Journal of Economics and Business*, *The Journal of Financial Research*, and *The Journal of Financial and Quantitative Analysis*. He did his undergraduate work at Brown University and holds M.A. and Ph.D. degrees in economics from the University of Wisconsin.

MARK J. FLANNERY is associate professor of finance at the University of North Carolina. He previously taught at the University of Pennsylvania's Wharton School and served as research adviser to the Federal Reserve Bank of Philadelphia. He holds economics degrees from Princeton and Yale. His primary research interests are financial intermediaries and the effects of monetary policy. Flannery has published two books and numerous articles in professional journals, including work on unit banking restrictions, the effective maturities of bank assets and liabilities, and the effect of interest rate changes on the common stock of financial institutions. He has also designed and implemented a computer-based bank simulation game for classroom and management training uses.

BENJAMIN M. FRIEDMAN is professor of economics at Harvard University, where he teaches macroeconomics and monetary economics and conducts a seminar on monetary and fiscal policy. His recent research interests have centered primarily on financial markets and their effects on economic activity. Specific subjects have included the impacts of government deficits on U.S. capital formation, the role of money and credit targets in the conduct of U.S. monetary policy, the implications of private pension funds for corporate financial decisions, and the relative importance of various factors affecting interest rates. His work in these areas has been published widely. He also serves as director of financial markets and monetary eco-

nomics research at the National Bureau of Economic Research, a director of the Private Export Funding Corporation, and associate editor of the *Journal of Monetary Economics*. In addition, he has served as a member of the National Science Foundation Subcommittee on Economics and as a trustee of the College Retirement Equities Fund. He is also a member of the Brookings Panel on Economic Activity and the Council on Foreign Relations. Friedman joined the Harvard faculty in 1972. Before that he was associated with Morgan Stanley & Co., investment bankers in New York. He has also worked in consulting or other capacities with the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, and the Federal Reserve Bank of Boston. Friedman received A.B., A.M., and Ph.D. degrees in economics from Harvard University; during his graduate study at Harvard he was Junior Fellow of the Society of Fellows. In addition, he received the M.Sc. in economics and politics from King's College, Cambridge, England, where he studied as a Marshall Scholar.

JOHN D. HAWKE, JR., is a partner in the firm of Arnold & Porter in Washington, D.C. He has specialized in matters relating to federal regulation of financial institutions. His practice involves the counseling and representation of banks and thrift institutions—as well as investors in financial institutions—in matters such as holding company formations and expansion, takeovers, enforcement proceedings, electronic banking, and regulatory and supervisory issues. Many of these involve actions before the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board. Hawke also served as general counsel at the Board of Governors of the Federal Reserve System from 1975 to 1978. Since 1971, he has been an adjunct professor of law at the Georgetown University Law Center. He is also a member of the editorial advisory board of *Issues in Bank Regulation* and is chairman of the editorial advisory board of *Banking Expansion Reporter*. Hawke has written widely for legal and banking publications. He holds a B.A. from Yale University and an L.L.B. from the Columbia University School of Law, where he was editor-in-chief of the *Columbia Law Review*.

ARNOLD A. HEGGESTAD is William H. Dial professor of banking and chairman of the Department of Finance, Insurance, and Real Estate at the Graduate School of Business Administration, University of Florida. He has been at the University of Florida since 1974. Previously, he was financial economist for the Board of Governors of the Federal Reserve System in Washington, where he also served as visiting senior economist

in 1983. Heggstad is currently director of the University of Florida Financial Institutions and Monetary Policy Center and educational director for the Florida School of Banking. He serves on the editorial board of *Bank Acquisition Report* and the *Review of Industrial Organization*. His research interests include bank financial management, mergers, and banking structure and regulation. Heggstad received his B.A. from the University of Maryland and his Ph.D. in economics from Michigan State University.

DAVID B. HUMPHREY is currently chief of the Financial Studies Section at the Board of Governors of the Federal Reserve System in Washington. He has been at the Board since 1975 and before that taught at Tulane and San Francisco State Universities for seven years. He received his Ph.D. in economics from the University of California (Berkeley) and has published some 30 professional articles, the most recent of which covered bank scale economies. His current research deals with costs, pricing, competition, and risk in the U.S. payments system.

JOHN H. KALCHBRENNER is senior vice president and chief economist at the Shawmut Bank of Boston, N.A. Previously he was a staff economist with the Board of Governors of the Federal Reserve System in Washington. He transferred to the Federal Reserve Bank of Chicago, where he served as a senior economist and assistant vice-president. He later returned to the Board of Governors and worked as an adviser and then associate director in the Division of Research and Statistics, with responsibilities for long-term research and econometric models. Kalchbrenner holds B.A. and M.A. degrees in economics from the University of Iowa and M.A. and Ph.D. degrees in economics from the University of Wisconsin.

EDWARD J. KANE is the Everett D. Reese Professor of Banking and Monetary Economics at Ohio State University. Previously he taught at Boston College, Princeton University, and Iowa State University and held visiting professorships at Istanbul University and Simon Fraser University. He has consulted for the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Department of Housing and Urban Development, various components of the Federal Reserve System, and the Joint Economic Committee and Office of Technology Assessment of the U.S. Congress. Kane is a past president of the American Finance Association and a former Guggenheim fellow. In 1981 he won an Ohio State University Alumni Award for Distinguished Teaching. He has published widely in professional journals and serves currently on six editorial boards. Kane writes occasional columns for *The American Banker* and is a research

associate of the National Bureau of Economic Research and a trustee and member of the finance committee of Teachers Insurance Annuity Association. Kane received a B.S. from Georgetown University and a Ph.D. from Massachusetts Institute of Technology.

GEORGE G. KAUFMAN is John F. Smith, Jr., professor of finance and economics at the School of Business Administration, Loyola University, Chicago. He received a B.A. from Oberlin College, an M.A. from the University of Michigan, and a Ph.D. in economics from the University of Iowa. He was a research fellow, economist, and senior economist at the Federal Reserve Bank of Chicago from 1959 to 1970. From 1970 to 1980 he was the John B. Rogers professor of banking and finance and director of the Center for Capital Market Research at the College of Business Administration, University of Oregon. He has been a visiting professor at the University of Southern California, Stanford University, University of California at Berkeley, and the Office of the Comptroller of the Currency. Kaufman also served as Deputy to the Assistant Secretary for Economic Policy of the U.S. Treasury. Kaufman's teaching and research interests are in financial economics, financial institutions and markets, and monetary policy, subjects on which he has published extensively. He served on the boards of directors of the American Finance Association and the Midwest Finance Association and as president of the Western Finance Association. Kaufman is currently on the editorial boards of three professional journals, *Journal of Financial and Quantitative Analysis*, *Journal of Bank Research*, and *Journal of Financial Research*. In 1982, he was elected a trustee of the Teachers Insurance Annuity Association and College Retirement Equity Fund (TIAA-CREF), the second largest private pension fund in the country.

SYDNEY J. KEY is an economist in the Federal Reserve Board's Division of International Finance, where she specializes in current issues in international banking. Key has worked on the Board's regulations providing for the establishment of international banking facilities in the United States and on implementation of the International Banking Act of 1978 and the Monetary Control Act of 1980. She is the author of a number of articles and papers on international banking facilities, the U.S. activities of foreign banks, and the International Banking Act of 1978. Key has also published articles on employee group pension plans and the federal tax treatment of married two-earner couples. She has testified before Congressional committees on the marriage tax penalty and was a member of the President's Interdepartmental Task Force on Women in 1979-80. Key obtained her A.B. in economics from Radcliffe College in 1966. She did her graduate

work in economics at Harvard University and received an A.M. in 1969 and a Ph.D. in 1973.

REID NAGLE is vice chairman and chief administrative and financial officer of City Federal Savings and Loan Association, Piscataway, New Jersey. He joined City Federal in 1978 as vice-president in charge of economics and planning. Subsequently, he was named senior vice-president, responsible additionally for budgeting and financial hedging. In 1982 he was elected executive vice-president and chief financial officer. In that capacity, he was responsible for treasury, accounting, tax, and financial planning activities. Nagle was appointed to his current position in early 1984. He is the author of numerous articles relating to hedging with financial futures, alternative mortgage instruments, savings and loan asset/liability management, tax incentives for savings, capital requirements for financial institutions, and tax planning. Prior to joining City Federal, Nagle served as a consulting economist for the Maryland Department of Economic and Community Development, responsible for preparation of the state's annual economic report. Before that, he was task force investigator for the U.S. Senate Budget Committee and consultant to the National Savings and Loan League. Nagle did his undergraduate work at Georgetown University and received his M.A. and Ph.D. degrees in economics from the Johns Hopkins University.

CHRISTINE PAVEL is associate economist at the Federal Reserve Bank of Chicago. She has been with that institution since 1982. Her work has concentrated on competition and the effects of deregulation in the financial services industry. Pavel received her B.A. in economics from Duquesne University and is completing her M.B.A. at the University of Chicago.

BRUCE PETERSEN is vice president for securities portfolio and trading, City Federal Savings and Loan Association, Piscataway, New Jersey. Since joining City Federal in 1979, he has served in several capacities. In 1980 he was named marketing director for City Federal's consumer lending subsidiary, City Consumer Services. In late 1981 Petersen rejoined the parent company as cofounder and manager of financial hedging. The following year he was named assistant vice-president for risk management. His responsibilities in that capacity included the financial hedging program, balance sheet planning, and the asset/liability management staff. He also served as a member of City Federal's asset/liability management committee. In 1983 Petersen was named manager of financial planning, and a year later he assumed his current position. Petersen received an A.B.

in history and Russian studies from Princeton University and is currently pursuing an M.S. in statistics at New York University.

MANFRED O. PETERSON is professor and chairman of the Department of Finance, University of Nebraska-Lincoln. Peterson received his B.A. with honors in 1966 from Wisconsin State University-River Falls, a Master of Arts in economics in 1968 from Michigan State University, and in 1971 a Ph.D. in economics, also from Michigan State University. From 1970 to 1976 Peterson was a financial economist at the Federal Deposit Insurance Corporation in Washington, D.C. Peterson's primary teaching and research interests are in financial markets and institutions, and his work has been published in a number of scholarly journals. In addition, Peterson has presented papers to the American Statistical Association and has testified as an expert witness before the U.S. Senate Committee on Banking, Housing, and Urban Affairs.

RICHARD L. PETERSON is I. Wylie and Elizabeth Briscoe professor of bank management and finance, Texas Tech University, Lubbock. He was previously associate director of the Credit Research Center at Purdue University and, before that, financial economist in the Mortgage and Consumer Finance Section of the Division of Research and Statistics, Board of Governors of the Federal Reserve System. His major areas of research interest include bank and nonbank financial institutions, consumer credit, mortgage finance, and the economics of information and regulation—on all of which he has published widely.

ALMARIN PHILLIPS is Hower professor of public policy and management and professor of economics and law at the University of Pennsylvania. He was codirector of the President's Commission on Financial Structure and Regulation (Hunt Commission) and a member of the National Commission on Electronic Funds Transfer. Competition and regulatory policies constitute major research interests, and he has published widely on topics in these areas. Phillips received his B.S. and M.A. degrees from Pennsylvania and his Ph.D. from Harvard.

JERRY E. POHLMAN is senior executive vice president and chief economist at American Savings and Loan Association, the principal subsidiary of Financial Corporation of America (FCA). He is responsible for economic forecasting and analysis for American and FCA, corporate marketing, public affairs, and retail branch and sales operations. He is also a member of American's asset/liability management and executive committees. Prior

to joining American Savings, Pohlman was senior vice president and chief economist at Coast Savings and, before that, California Federal Savings. He also served as professor of economics at the State University of New York at Buffalo, staff economist with the Cost of Living Council in Washington, and a principal with Arthur Young and Company in New York. Pohlman received his B.A. and M.A. degrees from the University of Iowa and his Ph.D. in economics from Cornell University.

HARVEY ROSENBLUM is vice president and associate director of the research department at the Federal Reserve Bank of Chicago, where he has been employed since 1970. Rosenblum is also visiting professor of finance at DePaul University, a position he has held since 1973. During 1977–78, he also served as visiting professor of finance at the University of Oregon. In addition, Rosenblum has served as an economic and management consultant to a variety of financial institutions. He received a B.S. degree from the University of Connecticut and M.A. and Ph.D. degrees in economics from the University of California at Santa Barbara. Rosenblum has done considerable research on competition in financial services and has published widely in leading scholarly journals. For many years he has been responsible for organizing the annual Conference on Bank Structure and Competition hosted by the Federal Reserve Bank of Chicago. His other duties include serving as monetary policy adviser to the bank's president, and he is the chief administrative officer of the economic research department.

ANTHONY M. SANTOMERO is Richard K. Mellon professor of finance and vice dean of the Graduate Division at the Wharton School of the University of Pennsylvania. He is also associate editor of the *Journal of Finance*, *Journal of Money, Credit and Banking*, *Journal of Banking and Finance*, *Journal of Financial Research*, and *Journal of Economics and Business*. Santomero has published widely on the demand for money, employment, and commercial bank soundness and capital adequacy. He has also consulted for major U.S. banks as well as for regulatory agencies. He is a member of the American Economic Association, the American Finance Association, and the European Finance Association. He received a Ph.D. in economics from Brown University.

DONALD T. SAVAGE is senior economist in the Financial Structure Section of the Division of Research and Statistics of the Board of Governors of the Federal Reserve System. Prior to his employment at the Federal Reserve Board in 1976, he taught economics at the University of Maine and Clark University. He is the author or coauthor of three economics text-

books and numerous articles on issues related to the structure of the U.S. financial system. His current research interests center on issues related to banking deregulation, especially interstate banking. Savage received a B.B.A. from the University of Massachusetts and a Ph.D. from the University of Wisconsin.

JOSEPH F. SINKEY, JR. is professor of banking and finance in the College of Business Administration at the University of Georgia, Athens. He has written numerous books and articles dealing with banking and finance. He is the book review editor for the *Journal of Banking and Finance*, an associate editor of the *Journal of Financial Research*, and reviewer for major banking and finance journals. From 1971 to 1976, Sinkey was a financial economist with the Division of Research of the Federal Deposit Insurance Corporation. He joined the University of Georgia in 1976. Sinkey has consulted for industry and government, has testified before the United States Senate, and has served as an expert witness in litigation. He received a B.A. in economics from St. Vincent College, Latrobe, Pennsylvania, and a Ph.D. in economics from Boston College.

ROBERT L. SLIGHTON is vice president and director for international forecasting in the Economics Group of The Chase Manhattan Bank. He joined Chase in 1976 from the Treasury Department, where he was Deputy Assistant Secretary for research in the office of the Assistant Secretary for International Affairs. In 1974–75 he served as the national intelligence officer for economics and energy for the Director of Central Intelligence. Prior to entering government, Sligh-ton was a senior economist at the Rand Corporation and assistant professor of economics at Stanford University. He is the coauthor of *Structural Change in a Developing Economy*. Sligh-ton received an A.B. in international affairs at Princeton University and a Ph.D. in economics at Johns Hopkins University.

ROBERT A. TAGGART, JR. is professor of finance at Boston University. He was previously a faculty member of Northwestern University's J.L. Kellogg Graduate School of Management and has held visiting positions at the Federal Reserve Bank of Boston and the Harvard Business School. He also serves currently as editor of *Financial Management* and as an associate editor of the *Journal of Financial and Quantitative Analysis*. Taggart's primary research interests are corporate finance and its application to financial institutions and other regulated industries. Recent publications have dealt with capital expenditure proposals under inflation, corporate capital structure theory for banking institutions, and secular patterns in the financing of U.S. corporations.

KEVIN E. VILLANI is senior vice president for financial and economic analysis and chief economist for the Federal Home Loan Mortgage Corporation. Previously, he was Deputy Assistant Secretary and chief economist for the Department of Housing and Urban Development. Villani was formerly an adjunct professor of finance at the Wharton School of Business of the University of Pennsylvania, and he currently teaches at George Mason University in Fairfax, Virginia. In addition, he is coeditor of the *Housing Finance Review*, and editor in chief of *Secondary Mortgage Markets*. Villani received a B.S. in mathematics from the University of Massachusetts and a Ph.D. in economics from Purdue University.

BENJAMIN WOLKOWITZ is vice president in Citibank's money market division, where he is responsible for directing marketing for the bank's financial futures brokerage operation and fixed income research. Prior to joining Citibank, Wolkowitz was the chief economist at the New York Futures Exchange. He also served as a section chief of the Financial Study Section in the Division of Research Statistics of the Board of Governors of the Federal Reserve System and taught economics at Tulane University. His current research interests relate to the management of interest rate risk exposure using futures, options, and other instruments and techniques. Recent publications have included work on futures and hedging as well as determinants of interest rates on fixed income investments. Wolkowitz holds a Ph.D. degree in economics from Brown University.

Series Preface

The worlds of banking and finance have changed dramatically during the past few years, and no doubt this turbulence will continue through the 1980s. We have established the Wiley Professional Banking and Finance Series to aid in characterizing this dynamic environment and to further the understanding of the emerging structures, issues, and content for the professional financial community.

We envision three types of book in this series. First, we are commissioning distinguished experts in a broad range of fields to assemble a number of authorities to write specific primers on related topics. For example, some of the early handbook-type volumes in the series concentrate on the Stock Market, Investment Banking, and Financial Depository Institutions. A second type of book attempts to combine text material with appropriate empirical and case studies written by practitioners in relevant fields. An early example is a forthcoming volume on The Management of Cash and Other Short-Term Assets. Finally, we are encouraging definitive, authoritative works on specialized subjects for practitioners and theorists.

It is a distinct pleasure and honor for me to assist John Wiley & Sons, Inc. in this important endeavor. In addition to banking and financial practitioners, we think business students and faculty will benefit from this series. Most of all, though, we hope this series will become a primary source in the 1980s for the members of the professional financial community to refer to theories and data and to integrate important aspects of the central changes in our financial world.

EDWARD I. ALTMAN

*Professor of Finance
New York University
Schools of Business*

Preface

Events of the past decade have set in motion forces that are causing extensive changes in markets for financial services. These changes are being reflected in the pricing, content, delivery, and packaging of services. They also are being accompanied by shifts in the institutional composition of financial markets. These shifts include entry into service markets by new competitors and amalgamations within and between classes of institutions. Moreover, the effects of service and institutional changes also are raising new questions relating to regulation and supervision.

Nowhere is the pace of change more evident than in markets traditionally served by commercial banks. Not too many years ago, a bank was an institution chartered as a commercial bank. That is, to a considerable extent banking services were linked distinctly to banking institutions. In recent years, however, more and more banking services have been developed by others. Thrift institutions offer packages of services in many cases comparable to those offered by commercial banks. Moreover, a number of other financial entities, such as insurance companies, mutual funds, brokerage firms, and nonfinancial entities, also are offering services that are close substitutes for many of those available at traditional depository institutions. In addition, many users of services are pursuing do-it-yourself strategies which reduce roles for financial intermediaries.

In this light, the term *banking strategy* contained in the title applies not only to commercial banks, but also to those *services* for which depository institutions have been the predominant suppliers historically. Therefore, while there must be institutional identification in some of the more descriptive sections, an effort has been made to concentrate on *functions*.

The chapters written for this volume dissect these changes in financial institutions and markets and analyze their implications for both management strategies and public policy. The chapters are organized in four parts, beginning with a discussion of the role of intermediaries generally. The second part moves to analyses of major forces for change, and the third