

Banks like student's business

by Cathy Capps

The poor college student. His motto is "have check-book, will travel"—or better yet, take Dad's credit card. It won't bounce, unlike the checks.

When students talk about money, it's usually to bemoan the fact that they don't have any. Every student knows at least one person (if it is not himself) whose checks are constantly bouncing or whose bank account balance usually hovers around the 39-cent mark.

But bankers around Bryan-College Station say students, as a group, are not worse customers than others—and are better than some.

The problem of overdrawn checks is not confined to student accounts, said Chub Eddy, vice president of marketing at First Bank and Trust in Bryan. Students have a lower percentage of overdrawn checks than some other groups, he said.

Ken Johnson, executive vice president of the RepublicBank of A&M, said: "Irregardless of why the customer is a student, oil field worker or professional person, you'll find a number of people that don't maintain their accounts."

Bankers said the banking problems of students are common to all customers in the under-30 age bracket.

The majority of student accounts in the area are checking accounts. Glenda Chavuin, assistant cashier at United Bank, estimated the average balance of student accounts to be \$300 to \$400.

Although student accounts don't generate much income for banks, students' business is still important to them.

"We know that Aggies aren't going to be students always and we hope they will continue to have a good banking relationship with us later," Siegert said.

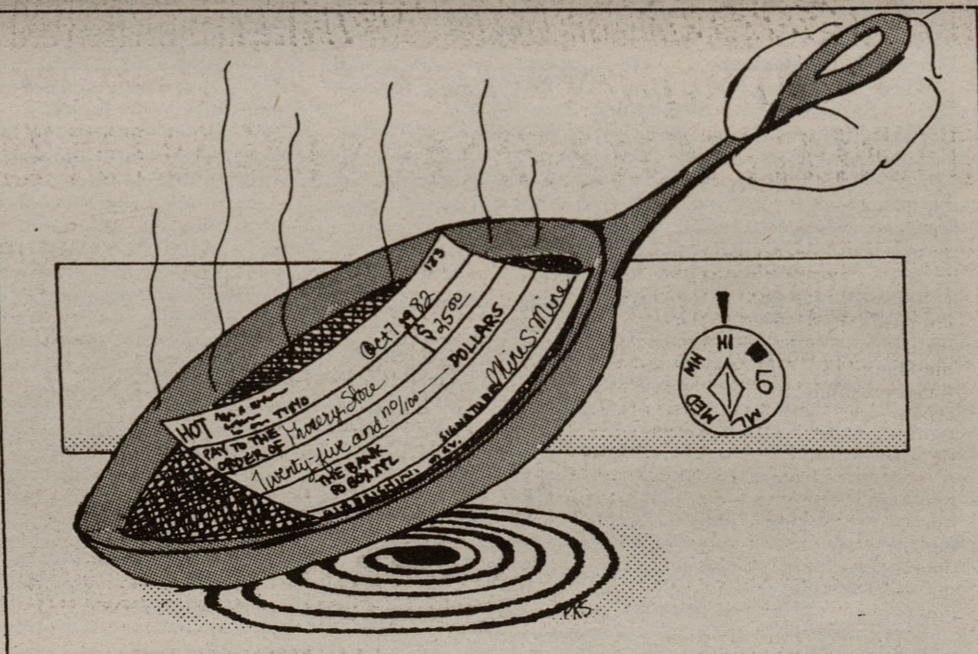
Area banks solicit students' business heavily at the beginning and end of each semester when the influx of students is greatest. College Station banks have more active student solicitation programs because of the competitiveness of their locations.

In addition to advertising, the RepublicBank of A&M holds luncheons for student leaders and meetings with deans and department heads to keep in touch with the University, Johnson said. University National and United Bank send letters to all incoming freshmen, which is definitely worth the trouble and expense for the response they get, said Pat Siegert, vice president of University National Bank.

First City National Bank had student loan programs in the 1960s, Peters said. The bank had a car loan program available to all graduating seniors, which numbered around 7,000 when the program was in effect. If a senior had a job lined up after graduation, the bank would finance the price of the car and give the student six months to make the first payment.

"We never had trouble with a one," Peters said.

The bank stopped the prog-



rams because of inflation and lack of available money, he said.

Because of location, many more students bank in College Station than Bryan. The RepublicBank of A&M on University Drive has 5,000 student accounts, making up 30 to 40 percent of all accounts, Johnson said. Just under half of all accounts at University National Bank are student accounts, Siegert said.

But student accounts only make up half of one percent of all accounts at First City National Bank on North Texas Avenue in Bryan, said President Mervin

Peters. Less than five percent of the accounts at First Bank and Trust in Bryan, the farthest bank from Texas A&M University, are held by students, Eddy estimated. Professors at Texas A&M had a much greater number of accounts at First City, he said.

Automatic teller machines have made a big difference in the services First Bank, as well as other banks, can offer.

"We couldn't go after the students before, but MPACT makes it possible," Eddy said.

Automatic tellers—MPACT, Anytime, Pulse, to name a few—

are a major selling point for area banks. Because of their 24-hour availability, they are particularly appealing to students. The only drawback is a fee for withdrawal and balance checks that increases at machines off bank premises, and a dollar-per-month bank fee at most banks.

Service charges are competitive among local banks. The service charge is based on the lowest figure the account drops to during the month, except at United Bank, where the customer is charged on a monthly average of his account balance.

Bartering — an everyday affair

by Jed T. Young

Huckleberry Finn did it for a look at his sore toe and other little boys have been doing it with baseball cards for years.

Bartering — goods or services traded for other goods or services — is one of the oldest forms of exchange.

In early America, farmers traded the general storekeeper fresh eggs or vegetables for cloth or other store bought goods they did not have on the farm.

Burdened by high taxes and inflation, more and more people are turning again to the old-fashioned swap as way of doing business.

Informal bartering among friends and relatives is an everyday affair. Housewives trade babysitting hours, a man handy with carburetors trades his talents to another who can help prepare his tax return and neighbors help each other paint porches, install patios or put up fences for the promise of help on future jobs around their home.

One local barterer, Vicky K., 25, is a housewife in Bryan. She is also a licensed beautician. By bartering, she said, she provides a service to people, mostly

friends, that can't afford prices at beauty salons but can pay her with things that they have or can do.

"I am traded mostly things that I really need," she said.

In exchange for a permanent wave or haircut, she is paid with a range of items: a silk flower arrangement, a blowdryer or Tupperware canisters.

Bartering is becoming increasingly attractive to small businesses as well. Trade exchange outlets, businesses set up to arrange trade deals, are cashing in on this interest.

One such exchange organization is Barter Systems, Inc., located in Houston as well as 74 other cities across the country. BSI has over 2000 members in Houston alone, mostly small businessmen, who swap everything from beef sides to plumbing and locksmith services.

According to Greg Matthew, trade director for BSI, trade volume for 1982 is estimated at over \$20 million — up from \$4 million in 1980 and \$250,000 in 1977, their first year in operation.

"We've seen increases in the amount of merchandise we handle jump over 100 percent every year," Matthew said.

"Businesses have inventories sitting on shelves, so why not go through barter to get rid of it," he said. The increase in trade and in number of members is definitely related to economic hard times.

BSI members pay an annual fee of \$300 and are guaranteed \$2700 worth of inventories per

In early America, farmers traded the general storekeeper fresh eggs or vegetables for cloth or other store bought goods they did not have on the farm.

year will be traded or they get their money back and the next two years of service free.

Here is an example of how the system works. A shoe store needs the service of a locksmith. A locksmith is located next door but he is not a member of the barter system and the shoe store owner would have to pay cash for his services. So the shoe store calls his barter system soliciting the services of a locksmith.

After the locksmith is sent over and completes the job, the shoe store owner does not trade directly with the locksmith by giving him a pair of shoes. Instead, the locksmith is given trade units, added to his account by the barter system. In turn, the shoe store owner is deducted trade units from his barter system account equal to the fair market value of the locksmith's services. The shoe store owner did not have to alter his cash on hand and the locksmith was given credit equal to his normal cash charge for services.

In short, barter systems function much like a checking account but instead of cash, barter accounts consist of trade units.

From the businessmen's point of view, Matthew said, bartering is a convenient way to conserve cash flow, unload inventories, and increase wholesale buying power.

Unlike the widespread belief that he encounters, he also said bartering is not a way out of taxation. All of the transactions are recorded and must be treated just as cash transactions would be. That is, all barter must be recorded as income.

Bartering and barter systems have been scrutinized by the Internal Revenue Service.

According to Bob Branson, IRS public affairs officer, the IRS is not concerned with the person that barterers with neighbors on a one time basis.

"Specifically, we are concerned with the person that incorporates bartering into their normal way of doing business," he said.

"At the same time," he said, "bartering is perfectly legal with no restriction, as long as you report as income, the fair market value of all the items or services bartered."

Branson admits that the IRS cannot possibly confront all tax evaders.

"The IRS, just like any other law enforcement agency, can't catch all of the cheaters," he said.

But since IRS officials have legal access to lists of barter organization's membership, he said, this is not the perfect outlet for the potential tax evader.

Although informal bartering takes place every day, there are no formal trade exchange outlets in the immediate area of Bryan-College Station.