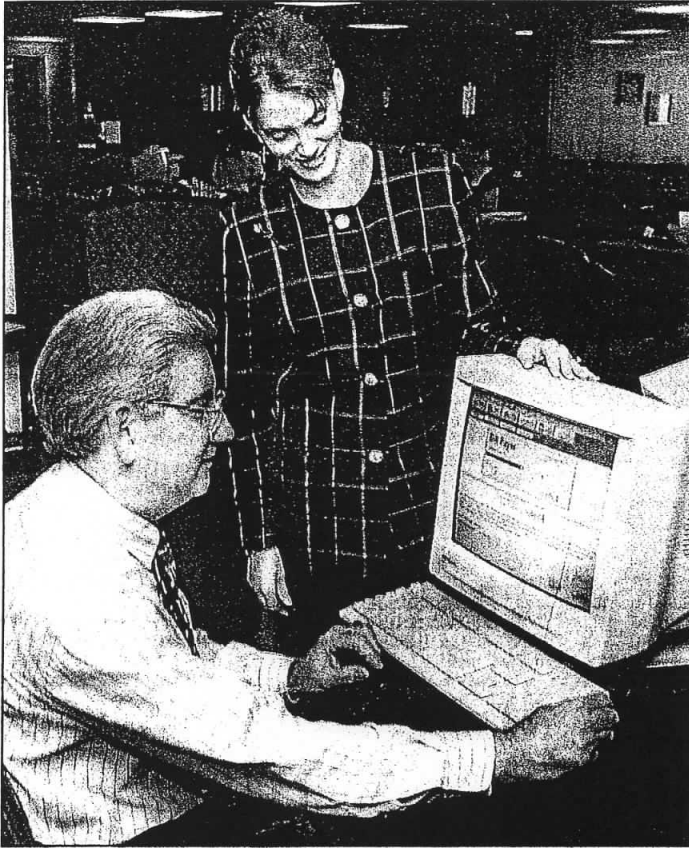


Small Bank Has Online 'Branch'



Bert Olah Jr., president of Quail Creek Bank, and Carol Fehrle, a vice president, demonstrate the bank's new Internet banking service.

Cyber-Customers Try New Services

By Danny M. Boyd
Staff Writer

Two years ago, Bert Olah Jr. and his staff at Quail Creek Bank began pondering whether to open a branch.

They eventually discovered the most suitable location — www.quailcreekbank.com.

"It's the most convenient branch you can have," Olah, the bank's president, said recently. "It's open 24 hours a day, seven days a week."

Quail Creek Bank, 12201 N May, introduced online banking early last month in hopes of attracting and keeping customers.

Choosing the Internet over a brick-and-mortar branch was the logical decision once Quail Creek's managers sized up the cost and the competition:

- More than 37 banks, thrifts and credit unions have 92 locations in north Oklahoma City and Edmond.

- A full-service branch, which would have been the bank's first, would have cost \$1.5 million, excluding operating costs, with the payout in about eight years.

Internet banking cost \$100,000. The payout could be relatively immediate. The bank wants to sign up 500 customers online by year's end. A month after its launch, the site already has about 116.

The service, which includes access to checking and savings accounts and bill payment for consumers and businesses, costs \$11.95 a month. If a customer keeps a \$5,000 daily account balance, it's free.

Quail Creek is among the few community banks offering customers total access to their accounts via the Internet. However, the number is growing.

More community banks are going online in hopes of satisfying and keeping customers by offering new and old customers alike hi-tech access to their money

See BANK, Page 16

Bank

From Page 15

while promoting a traditional community banking strong point: personal contact.

"A community bank must penetrate its customer base as much as it can," said Dan Martin, president of Q-UP Systems. The Austin, Texas, firm installed Quail Creek's Internet system as well as systems for Stillwater National Bank and others.

The number of Oklahoma banks offering full Internet banking — others offer PC banking — rose from one in 1998's first quarter to 11 for the same period this year, said Rick Sullivan, an economist at the Federal Reserve Bank of Kansas City.

Although the numbers appear small, "it's being adopted rapidly," Sullivan said.

Nationally, as many as 1,000 depository institutions, including about 300 to 400 credit unions, offer customers Internet banking, compared to just three about four years ago, said Jim Bruene, editor of Online Banking Report, an industry publication.

Q-UP is adding 15 customers a month, Martin said.

Internet banking is important to some demographic groups that rely less on personal contact.

It should help Quail Creek keep

its customers, but likely won't enable it to lure away customers from the likes of Bank One, said Tom Loy, director of the community banking program at Oklahoma City University.

Bank One and other community banks already are beefing up their Internet offerings.

RCB Bank in Claremore, the first community bank in Oklahoma to introduce Internet banking in 1996, is in the process of offering customers access to their accounts via e-mail, said Myrtle Prather, RCB's marketing director.

Olah said that the Internet alone will not enable the bank to maintain 20 percent annual asset growth of the past four years, the result largely of customer flight from bigger banks that have changed hands.

But the Internet will give the bank a competitive equalizer of sorts in a very competitive market, he said.

It may someday also hold other opportunities, such as investment options to complement services offered through Mid-America Partners, which has an office in the bank lobby.

"I think Internet banking is like a seven-course meal," Olah said. "And we're just beginning to sit down and have our soup."