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STUDY OF ROCHESTER RESIDENTS CURRENT ATTITUDES
AND KNOWLEDGE OF NEW YORK CITY BANKS LOCATED IN ROCHESTER, NEW YORK

by

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June, 1974

I. The Problem

Since the late 1950's and the early 1960's there have been drastic changes in the area of banking. One of the most noticeable is that the world's financial assets are being concentrated in fewer and fewer hands, and this concentration is far from over.¹ One outgrowth of this concentration of resources is the emergence of major bank holding companies. The New York State Banking Act of 1970 Amendments allowed holding companies to own more than one bank.² This law will also allow statewide branch banking on January 1, 1976.

Upstate New York and Rochester in particular, have already been exposed to the major financial giants in the banking field. Currently, there are five new banks in the Rochester area which are subsidiaries or branches of holding companies based in New York City (NYC). In order of total assets, these banks include Citibank, Chase Manhattan, Manufactures-Hanover Trust Co., Chemical Bank, and Bankers Trust Co. A sixth NYC bank, Charter New York, is also expanding into Upstate New York. Central Trust Company is a subsidiary of the Charter New York Holding

¹"Concentrating the Worlds Financial Resources," Business Week, Sept. 13, 1974

²Paul Nadler, "The Territorial Hunger of Our Major Banks," Harvard Business Review, March-April, 1974.

Company. Charter New York also has several subsidiaries which are located in Central New York. These banks are in direct competition with subsidiaries of Rochester based holding companies (Lincoln First and Security New York State).

The NYC banks entering the area may experience several unique problems when attempting to penetrate the retail market in Rochester. One reason is that local communities may identify strongly with local banks.³ A second is that many banking executives feel that the retail market is superbly served in Upstate New York.⁴ Third, and perhaps the most important is the fact that Upstate New Yorkers do not tend to change banks in significant numbers. One New York City banking executive may have analyzed the situation correctly when he stated, "Upstate people change banks as often as they change religion".⁵ For the above reasons many of the major banks are concentrating on the small to medium business areas.

The problems to be examined in this paper deal with the three areas stated above, in regard to Rochester in particular. Are Rochester area residents aware of the fact that five of the largest banks in the world are now located in the Rochester area? The main questions with

³"NYC Banks Get Ready for a Leap Upstate," Business Week, Feb. 23, 1974.

⁴Ibid, p. 54

⁵Ibid, p. 54

which the paper is concerned deal with the perceptions that area residents have developed of the New York City banks. These perceptions include size in relation to Rochester based banks (in terms of total assets), and services offered by the New York City banks as compared to established Rochester banks (e.g. loan terms, savings account rates, checking account charges, and other services available to the retail market). Also several causal variables will be analyzed in an attempt to discern significant differences between those respondents who were cognizant of the existence of a majority of the NYC banks located in the area and those who were not.

The analysis is concerned only with the retail segment of the banking market. This market includes all individual customers. No references will be made to the commercial or business market.

II. Research Design

Prior to conducting the survey, it was subjectively estimated that a sample size of 100 would be sufficiently large to facilitate meaningful statistical analysis.⁽⁶⁾ In order to obtain the sample, a list of 130 potential respondents was generated from a random sample taken from the Metropolitan Rochester phone book. No consideration was given to sampling error. It was assumed that the list obtained would be a fair representation of the total Rochester area population.

Of the three possible interviewing techniques available to the researcher (mail, person-to-person, and telephone), it was felt that telephone interviews would be most appropriate. The main reasons for this conclusion were the time involved and the expense of both the mail and the person-to-person interviews. Also, it was felt that a higher response rate would be obtained via the telephone interview. In fact, a response rate of 80% was obtained. From the original list of 130 numbers, 125 phone calls produced 100 usable interviews. Both direct and indirect interviewing methods were used. In order to reduce possible bias, the respondents were not told that the survey pertained specifically to NYC banks.

⁶ No attempt was made to determine a statistically significant sample size through pretesting and analysis.

All respondents were administered the same questionnaire (see Appendix II). However, the questions asked varied for two major groups of respondents. The first three questions were identical for all respondents. If the respondent was unable to identify three or more of the NYC banks as being located in the Rochester area, question 4 was asked in place of questions 5-7. It was felt that if the respondent was not able to identify a majority of the NYC banks as being located in the area, then his responses regarding location of the main offices, size, and perceptions of services offered would be of little value. Questions 4a - 4d were an attempt to solicit more meaningful information from those respondents who could satisfactorily answer question 3.

Question 5 dealt with the locations of the main offices of the NYC banks. All of the offices are located in the downtown area of Rochester. Manufacturers-Hanover Trust Co., Citibank and Chemical Bank are located on Main Street, Chase Manhattan on Franklin Street, and Bankers Trust is located on Clinton Avenue.

Question 6 dealt with the perceptions of Rochester area residents regarding the size of the NYC banks, in terms of total assets. Lincoln First Bank was used as a comparison since it was felt that this bank would be the most recognizable as being located in Rochester. Table IV (see next section - Analysis of Findings) shows that 99% of those sampled identified Lincoln Rochester as being located in the Rochester area.

Question 7 also dealt with perceptions. Since one might conclude that a customer would not switch to a new bank unless that bank offered a differentiated product, it seemed important to quantify whether or not area residents felt that NYC banks offered better or more services than regional banks.

Questions 8 - 10 and 12 were demographic in nature. Responses were analyzed in an attempt to explain differences between the groups developed in question 3. Responses to question 11 might have shown the possibilities for future checking account business for the NYC banks. Even though the correlation between intended behavior and actual behavior is low, this question might have been useful in analyzing future potential growth for NYC banks in the retail market.

The survey was taken over a nine day period from May 6, 1974 through May 15, 1974. Samples were gathered on every day of the week (Monday through Sunday) in the afternoon and early evening hours. The samples were all gathered by one interviewer.

There were five hypotheses developed prior to obtaining the sample. ⁷ They included:

1) At least 50% of all Rochester area residents sampled will be able to identify three or more New York City Banks as having offices located in the Rochester area.

⁷A detailed explanation of the hypotheses can be found in Appendix I.

2) Of those sampled who correctly identified three or more New York City banks as having facilities located in the Rochester area, 10% will also know the locations of the local main offices of those banks.

3) At least 10% of those sampled will have checking accounts in one of the five New York City banks located in the surrounding area.

4) Of those sampled at least 25% will perceive the New York City banks as offering better loan terms, savings account rates, and checking account rates than local Rochester banks.

5) Of all those sampled, at least 50% will believe that the New York City banks are larger (in terms of total assets throughout the state) than Lincoln First Bank.

III. Analysis of Data and Findings

Before proceeding to an analysis of the hypotheses previously stated, several other areas will be examined. Table 1, below, shows that, overall, 83% of those sampled presently have checking accounts with banks located in the Rochester area.

TABLE 1

Question 1 Percentage of Residents*
With Checking Accounts in the Rochester Area

Response Number of NYC Banks Identified	Yes	No
	(#)**%	(#)** %
2 or less	(47) 78	(13) 22
3 or more	(36) 90	(4) 10
Total	(83) 83	(17) 17

**Absolute Frequency

* n = 100

As might be expected, those able to identify three or more NYC banks were more likely to have a checking account than those who identified two or less banks. In terms of market potential for the NYC banks, new customers must be drawn from other banks in the area. Although 17% of the sample population did not have a checking account at the present time, one would suspect that a large portion of this group are not potential customers of any commercial bank.

TABLE II

Question 10 Sample* Breakdown by Age Group and Sex

Age Groups	Number of NYC Banks Identified		2 or less		3 or more		Total	
	F	%	F	%	F	%	F	%
18 - 30	10	.17	14	.35	24	.24		
31 - 40	15	.25	15	.38	30	.30		
41 - 50	16	.27	5	.13	21	.21		
51 and Over	19	.32	6	.15	25	.25		
Mean	42.1		34.5				41.0	
Sex - Male	26	.43	20	.50	46	.46		
Female	34	.57	20	.50	54	.54		

n = 100

TABLE III

Question 12 Samples Breakdown by Job Duties

Job Categories	Number of NYC Banks Identified		2 or less		3 or more		Total	
	#	%	#	%	#	%	#	%
Professional	6	10	8	20	14	14		
Skilled	10	17	14	35	24	24		
Unskilled	8	13	2	05	10	10		
Unemployed*	24	40	12	30	36	36		
Retired	10	17	2	05	12	12		
Student	2	03	2	05	4	04		

*Includes Housewives

n = 100

Those respondents in the three plus group tended to be younger, and either professional or skilled workers. The mean age of the three plus group is 34.5 years, while the mean for the two or less group is 42.1 years. Also, 55% of the three plus group fell into the professional and skilled categories while 27% of the two or less group were in the same areas. There was no significant difference between the sex of the two groups.

Since the younger and more professional people recognize the NYC banks more readily, one might conclude that they may be the NYC banks first customers. In terms of market development, the NYC banks may want to concentrate on this segment of the market to gain initial customers. As the banks grow, they should then attempt to expand their market share in the other demographic areas.

Hypothesis one states that at least 50% of all those sampled will have the ability to identify three or more of the NYC banks as being located in the Rochester area. Table IV divides the total responses for all the banks listed in the questionnaire. For the NYC banks, 40% of the respondents fell into the three plus group while 60% were in the two or less group. The sample was analyzed for variance between the data. It was determined that the standard deviation of the mean was 11%. From the above information, it is not unreasonable to conclude that the actual mean of the population is 50%. In fact, one could be 95% confident that the actual mean is 50%, given the information obtained. Therefore, hypothesis one is accepted.

TABLE IV

RESPONDENT'S RECOGNITION OF BANKS AS HAVING OFFICES IN THE ROCHESTER AREA

Bank Name	Ability of Identify		2 or less Banks		3 or more Banks		Total					
	Yes #	%	Yes #	%	Yes #	%	Yes #	%				
Manufactures-Hanover	7	12	53	82	28	7	12	30	35	65	65	
First National	28	47	32	53	34	85	6	15	62	38	38	
Chase Manhattan	22	37	38	63	34	85	6	15	56	44	44	
Lincoln First	59	98	1	02	40	1.00	0	0	99	99	1	01
Citibank	32	53	47	40	1.0	1.0	0	0	72	72	28	28
Bank of America*	13	22	47	78	6	15	34	85	19	19	81	81
Bankers Trust Co.	12	20	48	80	32	80	8	20	44	44	56	56
Security Trust Co.	56	93	4	07	40	1.00	0	00	96	96	4	04
Chemical Bank	7	12	53	88	28	70	12	30	35	35	65	65
Manufactures-Traders*	2	03	58	97	8	20	32	80	10	10	90	90

* Banks not located in Rochester or Monroe County

TABLE V

RESPONDENTS* WHO IDENTIFIED TWO OR LESS NYC BANKS AS HAVING OFFICES IN THE ROCHESTER AREA

Response Bank Name	Yes		No	
	#	%	#	%
Citibank	32	53	28	47
Chase Manhattan	22	37	38	63
Bankers Trust	12	20	48	80
Manufactures-Hanover Trust Co.	7	12	53	88
Chemical Bank	7	12	53	88
Mean (\bar{X})	16	27	44	73

*n = 60

TABLE VI

RESPONDENTS* WHO WERE ABLE TO IDENTIFY THREE OR MORE NYC BANKS AS HAVING OFFICES IN THE ROCHESTER AREA

Response Bank Name	Yes		No	
	#	%	#	%
Citibank	40	100	0	0
Chase Manhattan	34	85	6	15
Bankers Trust Co.	32	80	8	20
Manufactures-Hanover Trust Co.	28	70	12	30
Chemical Bank	28	70	12	30
Mean (\bar{X})	32.4	81	7.6	19

*n = 40

Table V and VI extrapolate data for the NYC banks from Table IV. For both groups, Citibank was the most frequently identified NYC bank. The remainder of the banks were ranked as shown in the above tables. The ranking of the banks does not differ between the two groups. Also, the percentage difference between the ranks for the two groups is also similar.

Questions 4a through 4d also deal with perceptions and recognition abilities of the respondents. The 60 respondents who fell into the two or less group were asked direct questions regarding the movement of NYC banks into the Rochester area. (see below)

TABLE VII

Questions 4a & 4b Respondents* Awareness of the Movement of NYC banks into Rochester Area and Their Perceptions of Changes in Services Offered in the Rochester Area

Question	Response		Yes		No	
			#	%	#	%
1. Are you aware of the recent movement of NYC banks into Rochester?			31	52	29	48
2. Do you feel that this movement will change the banking services offered?			21	68	10	32

n = 60 (only those respondents who identified two or less banks as being located in Rochester Area)

From Table VII, 29 of the 60 respondents stated that they were not aware of the movement of any of the NYC banks into the area. In terms of the total sample, 29% of the population were not cognizant of the fact that any NYC banks are located in Rochester. However, of the 31 respondents who were aware of the movement 68% felt that this movement would bring changes in the banking services offered in the area. The changes that these respondents felt would occur are (in order of frequency); free checking accounts, better service, better employees, easier loan money, more people oriented services, greater convenience, longer hours, and higher interest rates on savings accounts. Most of the above responses may have been given to a question regarding the movement of any bank or banks into a new area. However, the responses of better employees and being more people oriented seemed to be directly attributable to the NYC banks. The respondents who stated the above felt that the NYC banks would have more competent employees than banks in the area. Since we are dealing with small frequencies, general statements regarding the feelings of the total population may be dangerous. However, this feeling of greater competence may be a perception that significant portion of the total population holds.

TABLE VIII

Question 4d NYC Banks Named By Respondents*
As Being Located in Rochester Area

NYC Banks Identified as Having Offices in the Rochester Area	#	%
Citibank	20	40
Chase Manhattan	16	33
Chemical Bank	5	10
Manufactures-Hanover Trust Co.	4	08
Total	45	

n = 31 (only those respondents who identified 2 or less NYC banks as being located in the Rochester Area)

The 31 respondents who were aware of the movement of the NYC banks were asked to name as many of the banks as possible. The ranking of the banks in Table VIII is the same as in Tables V and VI. However, Bankers Trust is omitted. This could be due to the fact that this bank has been located in the Rochester area for several years, while the question asked for recent movements. Also, Bankers Trust may not be perceived as a NYC bank by these respondents.

Table IX analyzes hypothesis two. One can see that an overall mean of 32% was obtained for the question pertaining to the respondents ability to name the street locations of the local main offices of the NYC banks.

TABLE IX

Question 5 - Respondents* Ability to Identify the Street Locations of the Main Offices of the NYC Banks

Response Bank Name	Yes		No		Total
	#	%	#	%	
Manufactures-Hanover	13	38	27	68	100%
Chase Manhattan	2	05	38	95	100%
Citibank	19	48	21	53	100%
Bankers Trust	12	30	28	70	100%
Chemical Bank	18	45	22	55	100%
\bar{X} Mean	12.8	32	27.2	78	100%

*n = 40 (only those who could identify three or more NYC Banks questioned)

Prior to sampling it was felt that only 10% of the respondents would fall into this category. Since 32% is obviously significantly larger than 10%, hypothesis two must be rejected.⁸

Table X may give several causal factors for the above conclusion.

⁸The standard error of the mean for this question is .025. The acceptance range for the null hypothesis would be .05-.15 at the .95 level of confidence. Since .32 falls outside of the acceptance range, hypothesis 2 must be rejected..

TABLE X

Question 8 - The Number of Times The Respondents* Were in Downtown Rochester within the Week previous to the Survey Date

Number of times in Downtown Rochester	Response		2 or less		3 or more		total	
	#	%	#	%	#	%	#	%
0	37	62	11	28	48	48		
1	14	23	11	28	25	25		
2	5	08	5	13	10	10		
3	1	02	11	28	12	12		
4	1	02	2	05	3	03		
5 or more	2	03	0	00	2	02		
Total	100%	100%	100%	100%	100%	100%		

*n = 100

Only those respondents who were asked question 5 were those who could identify three or more of the NYC banks. Table X shows that those in the three plus group also tended to be in the downtown area of Rochester on a more frequent basis than those who could not identify the banks. Since all the offices are in the downtown area, it seems that a significant number of respondents would also be able to identify the locations of the NYC banks. Also, although several of the offices are on East Main Street and West Main Street, an answer of Main Street was accepted as a correct answer.

The ranking of the banks by respondents ability to identify the main offices does not correspond to the ranking of the banks by response rates in question 3. Citibank was first in both cases; however the similarities end at that point. Although 85% of those who identified three or more banks named Chase Manhattan as being located in the Rochester area, only 5% of that same group gave a correct answer as to the location of that bank. Chase Manhattan is the only bank that is not located in sight of Main Street. The main office is currently located on Franklin Street. The visability of the office may be the major contributing factor to the low results. The four other banks fell within a relatively narrow range of 18%

TABLE XI

Question 2 - Total Samples Checking Account
By Order of Frequency

Name of Bank	#	%
Lincoln First	28	34
Marine Midland	21	25
Security Trust Co.	11	13
Central Trust Co.	10	12
Manufactures-Hanover	5	06
Citibank	4	05
Bankers Trust Co.	2	02.5
First National Bank	2	6.25
Total	83	100

Table XI gives the actual present commercial checking banks of the 83 respondents who currently have checking accounts. The important point is that the NYC banks have penetrated the demand deposit market to the extent of 13.5%. Two of the NYC banks are not represented in this table, Chase-Manhattan and Chemical Bank. This could be due to the small sample size and a small market penetration on the part of these two banks.

Hypothesis three states that at least 10% of those sampled will have a checking account in one of the five NYC banks. Since 13.5% is greater than 10%, this hypothesis can be accepted.

Another aspect of the NYC banks potential penetration of the demand deposit market can be found in Table XII. (see page 20)

When asked to which bank the respondents might transfer their business in the event that they became dissatisfied with their current bank, 11% gave one of the NYC banks as a possible choice. Adding the 11% who may transfer their business to the 13.5% who already have transferred their accounts give a potential total of approximately 25% market penetration.⁹ At this early

⁹These two numbers are mutually exclusive, and therefore additive, since no one in the 13.5% gave a NYC bank as a potential new commercial bank.

TABLE XII

Question 11 Alternative Banks to Which Respondents*
Would Transfer Their Checking Account Business

Bank Names	2 or less		3 or more		Total	
	f	%	f	%	f	%
Lincoln First	17	28	10	25	27	27
Central Trust Co.	14	23	5	12.5	19	19
Marine Midland	9	15	6	15	15	15
Security Trust	1	01	9	22.5	10	10
Citibank	4	07	4	01	8	08
1st National	2	03	0	00	2	02
Chemical Bank	1	01	0	00	1	01
Chase Manhattan	2	03	0	00	2	02
No Choice	10	17	6	15	16	16
Total	60	100	40	100	100	100 +

n = 100

*NYC banks

date this seems to be a significant portion of the market.¹⁰ Other points are that Rochestarians do tend to stay with local banks when thinking of switching their accounts. Also, 16% of the sample would not make a choice, saying they have never thought of changing banks for any reason.

Hypothesis four states that of those sampled at least 25% will perceive the NYC banks as offering better loan terms, savings account rates, and checking account rates than local area banks.

TABLE XIII

Question 7 - Respondents* Perceptions
of Services Offered by NYC Banks

Response Service Offered	Better Than Roch. Banks		Same as Roch. Banks	
	#	%	#	%
Loans	14	35	26	65
Interest Rates On Savings Accounts	7	18	33	82
Service Charges on Checking Accounts	14	35	26	65
Better Or More Services	21	53	19	47
Mean (\bar{X})	14	35	26	65

*n = 40

Data in Table XIII deals specifically with this problem. Overall, 35% of the three plus group felt that the above statement was true. By individual service, only interest rates on savings accounts fell below the 25% mark.

¹⁰Care must be taken not to apply a high correlation between intended behavior and actual behavior. Those respondents who stated they would switch to a NYC bank and those who actually do switch will almost certainly be less than 11%. However, the 11% figure may be a fair representation of the total population's propensity to change banks.

Since interest rates are controlled through federal regulations rather than individual bank policy, one might conclude that the respondents had an accurate perception of the NYC banks for this category. The important point to be drawn from this data is that a significant portion of the population felt that the NYC banks offer a differentiated product. For the total sample of 100, 42% felt that NYC banks offer better or more services than Rochester area banks.¹¹

Hypothesis five dealt with size perception. The respondents in the three plus group were asked to relate the size (in terms of state wide assets) of the NYC banks to Lincoln First Bank.¹²

TABLE XIV

Question 6 - Respondents* Perceptions Regarding the Size of NYC Banks in Relation to Lincoln 1st Bank

Response Bank Name	Larger		Smaller	
	#	%	#	%
Chase Manhattan	34	85	6	15
Manufactures-Hanover Trust Co.	24	60	16	40
Chemical Bank	20	50	20	50
Citibank	16	40	24	60
Bankers Trust Company	12	30	28	70
Mean (\bar{X})	21.2	53	18.8	47

*n = 40

¹¹To obtain the 42%, add the 21 in Table 7 under the better or more services category and the 21 from the same category and the 21 from the same category in Table XIII. The total is 42 of the 100 sampled. (42/100 = 42%)

¹²Lincoln First was chosen since it was felt that this bank is recognized as being located in the Rochester area. In fact, 99% of the sample did recognize the bank. Also, Lincoln First is the largest Rochester based bank.

Overall, 53% of the three plus group state that the NYC banks were larger than Lincoln First. Since hypothesis five states that at least 50% of the respondents would state the above hypothesis five is accepted. However, on an individual basis the perceptions of the sizes of the NYC banks is not accurate. For Chase Manhattan and Manufactures-Hanover Trust Co., a majority of the respondents did recognize that these banks were larger than Lincoln First. Majorities were not obtained for the remaining NYC banks. Table XV shows the actual assets of the NYC banks.

TABLE XV

Holding Company	Total Assets
First National City	\$40,890
Chase Manhattan	34,877
Manufactures-Hanover	19,500
Chemical Bank	17,500
Bankers Trust	17,411

Data as of September 30, 1973

Source: Business Week: Feb. 23, 1974

All figures in billions of dollars

Lincoln First has total assets of 2.5 billion dollars. It is interesting to note that although Citibank is the largest bank in the state (second largest in the world), 60% of the three plus group rated Lincoln First as larger than Citibank.

IV. Conclusions

The major conclusions of the study that the NYC banks, overall, are recognized as being located in the Rochester area. The banks have managed to penetrate the retail market in a relatively short period of time. Also, the potential for future demand deposits appears promising. At this point, 11% of the sample named NYC banks as a potential checking account bank, while 42% felt that NYC banks offered better or more services than Rochester banks. This information implies that as the NYC banks open branch offices throughout the area, the potential for customers in all banking areas should increase.¹³

TABLE XVI

Question 9 - Method of Banking Employed in Week Previous to the Survey*

Method of Banking Employed	Number of NYC Banks Identified		2 or less		3 or more		Total	
	f	%	f	%	f	%	f	%
	Mail	2	03	9	22.5	11	11	
In person	51	85	22	55	73	73		
Both Methods	5	08	9	22.5	14	14		
Did not Bank in Previous Week	3	05	0	00	3	03		

n = 100

¹³ These findings seem to contradict the statements made in the opening section of this paper. It appears that Rochester area residents may have the propensity to change banks, if they feel they are receiving a differentiated product. Also, important to the NYC banks is the opening of new branches. The respondents tended to perform their banking in person (73%). It seems, that one of the major reasons for choosing a checking account bank would be convenience of location. Therefore, before larger penetrations of the market can occur, branch banking must be expanded.

V. Limitations of the Study

The major limitations of the study are that no attempt was made to identify the causal factors of many of their perceptions held by the respondents. The goal of the study was merely to identify those perceptions. Also, more meaningful results would be obtained through a time-series analysis. In this manner a researcher could identify trends in attitudes and also market penetration trends. Statistical techniques were used only in accepting or rejecting the hypotheses stated. Since the study was not causal in nature advanced statistical analysis was not deemed applicable. However, the data do lend themselves to causal analysis. For these reasons an extension of this study may be conducted at a future date.

APPENDIX I
HYPOTHESES

1) At least 50% of all Rochester area residents will be able to identify three or more New York City banks as having offices located in the Rochester Area.

Since the NYC banks have opened facilities in the Rochester area many of the banks (Citibank in particular) have engaged in massive advertising campaigns. Also, at least one NYC bank, Bankers Trust, has been located in the area for more than two years. For these reasons a subjective probability of 50% was placed on the feeling that Rochester area residents sampled would possess the basic ability to identify a majority of the NYC banks located in the area.

2) Of those sampled who correctly identified three or more NYC banks as having facilities located in the Rochester area, 10% will also know the locations of the local main offices of those banks.

This hypothesis is an attempt to analyze how much additional information those respondents have who possess the basic recognition abilities. A relatively low probability of 10% was used in this hypothesis since the location of the main office of the NYC banks seemed to be rather specialized information. A causal variable will be interjected into the analysis of this hypothesis. Since all five NYC banks have offices located in the downtown area of Rochester the respondents were asked the number of times in the week previous to the survey they were in the downtown area of Rochester.

3) At least 10% of those sampled will have checking accounts in one of the five New York City banks located in the surrounding area.

With this statement a subjective probability of 10% was assigned due to the reasons stated previously under hypothesis one.

4) Of those sampled at least 25% will perceive the NYC banks as offering better loan terms, savings account rates, and checking account terms than local Rochester banks.

Prior to sampling it was felt that a relatively low percentage of respondents would feel that the NYC banks offered different or better services than those offered by Rochester banks. The main areas which the retail market have contact with commercial banks include demand deposits, time deposits, and various forms of loans. Rochesterians' perceptions of the NYC banks in these areas may have an important impact on their (Rochesterians') decisions as to whether or not they would transfer to a New York bank in any one of the areas of business.

5) Of all those sampled, at least 50% will believe that the NYC banks are larger (in terms of total assets throughout the state) than Lincoln 1st Bank.

In total assets Lincoln First has approximately 2.5 billion dollars in statewide assets. The NYC banks range from a high of \$40.9 billion for First National City Bank to a low of 17.4 billion for Bankers Trust. In all cases, the proper response to this question would be to rank the NYC banks as larger than Lincoln First. Prior to sampling, it was felt that as many as one-half of all those sampled

would believe the opposite to be true. One reason for this assumption lies in the advertizing campaign of Citibank stressing smallness and a general lack of emphasis placed on size by any of the other major banks.

APPENDIX II
THE QUESTIONNAIRE

QUESTIONNAIRE

NUMBER _____
SEX _____
PHONE _____
DATE _____

I. Introduction

Hello, My name is Dennis Easter. I am a graduate student at Rochester Institute of Technology, and I am conducting a survey on Rochestarians' banking habits. I would like to ask you several non-confidential questions on the topic.

II. Questions.

1. Do you currently have a checking account with a bank located in Rochester or the surrounding area? _____

2. In which bank do you currently have an account?

3. For each of the following banks, which do you recognize as having offices in the Rochester area?

- a) Manufactures-Hanover Trust Co. _____
- b) First National Bank _____
- c) Chase Manhattan _____
- d) Lincoln First _____
- e) Citibank _____
- f) Bank of America _____
- g) Bankers Trust _____
- h) Security Trust _____
- i) Chemical Bank _____
- j) Manufactures Traders Trust Co. _____

4. If the respondent is unable to identify three or more NYC banks the following questions will be asked in place of 5-7.

a) Are you aware of the recent movement of several NYC banks into the Rochester and surrounding area?

No _____ (go to question 8)
Yes _____

b) Do you feel that the movement of the NYC banks into the area will bring about any changes in the banking services offered in the Rochester area?

No _____
Yes _____

c) What changes would occur?

d) Can you name any of the NYC banks that have offices in the Rochester or surrounding area?

5. Can you tell me the street locations of the following banks?
- a) Manufactures Hanover Trust Co. _____
 - b) Chase Manhattan _____
 - c) Citibank _____
 - d) Bankers Trust _____
 - e) Chemical Bank _____
6. Which of the following banks do you perceive as being larger than Lincoln-Rochester Bank?
- a) Manufactures Hanover Trust Co. _____
 - b) Chase Manhattan _____
 - c) Bankers Trust _____
 - d) Citibank _____
 - e) Chemical Bank _____
7. As a group do you perceive the following banks, Manufactures Hanover Trust, Chase Manhattan, Citibank, Bankers Trust, and Chemical BANK as offering:
- a) Better loan terms than other Rochester banks _____
 - b) Higher rates on savings accounts than other Rochester banks _____
 - c) Lower rates on checking accounts than other Rochester banks _____
 - d) Better or more services than other Rochester banks _____
8. In the past week, how many times were you in the downtown area of Rochester? _____
9. In the past week, did you do your banking by mail, in person or both? _____
10. Into which age group do you fall?
- a) 18-30 _____
 - b) 31-40 _____
 - c) 41-50 _____
 - d) 51 and over _____
11. If you should become dissatisfied with your present checking account bank, to what other bank might you transfer your business? _____
12. If you are employed, what are your job duties?
