

U.S. House of Representatives
Committee on the Judiciary

Written Statement

of

Steven A. Bennett, General Counsel

on behalf of

BANC ONE CORPORATION

Mr. Chairman and Members of the Committee:

I am Steve Bennett, General Counsel of BANC ONE CORPORATION, and I am pleased to be representing the company in the critical discussions you've initiated with my industry today.

My remarks will be brief and, I hope, to the point.

The BANC ONE/First Chicago NBD merger appears rather modest compared with the august combinations represented here today. Although our merger is within a single geographical region - the Midwest - the only significant market overlap is in the State of Indiana which we plan to handle with the adroit sensitivity incumbent upon any experienced and enlightened institution which intends to maintain customers and community good will.

It would be a mistake, however, to deem the new BANC ONE a Midwestern bank given our significant assets and growth in Texas, Arizona, Louisiana, Utah, Oklahoma and Colorado.

Although this merger may look like “more of the same” to the regulators and our competitors, it does represent some historic changes for BANC ONE.

First and foremost, it will mean moving our headquarters to Chicago from Columbus which means we’ll be a powerhouse in the financial center of the Midwest but saddens some of us who are now and always will remain loyal to Ohio. It will give us a high-profile opportunity to demonstrate our commitment to our non-headquarters marketplaces.

Our Chairman, John B. McCoy, will become the President and CEO while First Chicago NBD’s Chairman will become the Chairman of the new BANC ONE.

Since the enactment of the Bank Holding Company Act of 1956, the Federal Reserve Board and the Justice Department have worked together to apply the nation’s anti-trust laws to the merger activities of bank holding companies operating in multiple states. There is no reason for this critical oversight role to change as a result of mergers like ours or any financial modernization legislation passed by Congress. Indeed, the combined oversight of the Federal Reserve Board and Department of Justice has been more than adequate to ensure a free, open and competitive market for financial services. This oversight, coupled with the national deposit caps embodied in the Riegle-Neal legislation, prevent the creation of monopolies in the financial services industry.

Our experience in merger activity to date is that the regulators are tough and the competition, especially from the smaller, “community” banks, is tougher. You cannot help but notice that each announcement of a merger is reported in local newspapers along with the attendant article outlining how smaller banks and their people are preparing to cannibalize the merged institution’s retail and commercial customer base during and after the transition. And they mean it! And we mean to hold those same customers. We win some and we lose some and that’s how the free market works.

But banks and other insured depository institutions are not our only competitive concern. The insured certificate of deposit is no longer America’s investment product of choice. Today the customer demands access to higher yields and broader options. Many folks make decisions regarding their financial services over the phone and the choices of products and suppliers are virtually unlimited. If recent history is any indicator, soon most investment and other financial services decisions will be made via personal computers. Currently it is estimated that nearly 5 million investors trade stocks online and that number grew 150% in the last half of 1997 alone.

BANC ONE has sought out merger partners in order to compete with the full spectrum of financial service providers. Others may prefer to specialize in one or several niches customized to their selected customer targets. We hope to develop the economy of scale necessary to

support the technological systems and expertise required of a premiere provider of the complete range of financial services products at a very competitive price.

If we restrict the conversation to just the banking industry, 1/3 of all the nations' banks are now offering PC home banking. Three years ago there were less than 1 million customers. Today there are over 7 ½ million. In three years it is anticipated that there will be well over 15 million banking computer customers.

These customers know no geographic limitations. They are not interested if their bank or broker or insurance agent is down the street or around the world. BANC ONE wants to be their bank, broker and agent.

The competition gets fiercer every day and we're dedicated to meeting the challenge in the growing number of communities where the bank branch is our signature as well as the national and international marketplace.

Again, thank you for this opportunity and I look forward to your questions.