

Dollars Through The Doors: A Pre-1930 History Of Bank Marketing In America

Author: Richard N. Germain

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Dollars Through The Doors provides a comprehensive overview of pre-1930 banking in the United States. Written by Richard N. Germain, associate professor of marketing at Oklahoma State University, its thesis is that banks developed from "passive business acceptors" to "aggressive business seekers" in the latter half of the 19th century. By 1930, the transformation was complete. To support this contention, Germain extensively cites banking journals, trade publications, and newspapers of the 1830-1930 era. In-house bank newsletters and advertisements published by specific institutions are also described.

This book has 12 chapters. Evidence supporting Germain's thesis of the transformation of American banking is organized into three sections on service, market segmentation, and staff. Tied into the discussion of bank marketing are glimpses of past American customs. One example: around the turn of the century, many banks began advertising the availability of "clean money" for female patrons. Since new currency wasn't always available, a few large banks actually operated "currency washing machines." This practice continued through the early decades of the 20th century.

Another interesting historical insight is Germain's discussion of bank runs. Prior to the establishment of Federal deposit insurance in 1933, financial "panics" were common. Customers, fearing the loss of their deposits, would line up and demand withdrawals well in excess of bank reserves. Bank managers who possessed an understanding of mob psychology and communication skills survived when a financial crisis arose. Examples were given of bankers putting assets (e.g., gold) on public display in order to mollify nervous crowds. Creating an atmosphere of stability became a hallmark of bank marketing efforts and was reflected in advertising copy and building architecture.

Throughout the book, Germain draws parallels to developments in the insurance and retailing

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industries and to the Canadian banking industry. He leaves it to readers, however, to draw parallels between the pre-1930s banking industry and current practices. Section II (6 chapters) on market segmentation is full of data ripe for comparison. In it, Germain describes the roots of grade school savings programs and college student accounts and the initial use of Christmas Clubs, banking by mail, money orders, and safe deposit boxes.

Female readers should find Chapter 5, on gender segmentation, interesting. By the mid 1830s, banks began reserving a limited number of hours (e.g., one day a week) for female customers. By the 1870s, special women's banking rooms (many with a separate entrance and teller apart from the main bank lobby) were common. Some included luxurious appointments and targeted the upper class. Subsequently, banks began to employ women to staff their women's "bank within a bank." Parallels, of course, exist to current efforts by financial services firms (e.g., Oppenheimer Funds) to increase their female customer base. Banks also segmented business based on nationality and race. The book describes how, as the number of U.S. immigrants rose during the late 1800s, so, too, did the number of "nationality banks" organized to serve a particular ethnic group. German banks were among the earliest and most frequently-organized, according to Germain. Following American involvement in World War I, however, most dropped the word "German" in their company title to avoid a public relations backlash.

Chapter 9 will be of interest to those interested in the use of credit a century ago. Historical accounts show that only the wealthy classes had access to charge accounts at department stores. Before the widespread availability of bank loans, unlicensed lenders provided small loans to the masses, using collection practices considered illegal today to extract payments from delinquent borrowers.

In summary, *Dollars Through The Doors* is an

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academic tome designed for persons with an interest in the history of U.S. banks or the evolution of American bank marketing practices. Extensive endnotes at the end of each chapter list the data sources cited by Germain. While containing a number of interesting historical anecdotes and descriptions of past social mores, the book also contains considerable minutia about bank equipment and staffing patterns, in-house bank newsletters, and

employee benefits. It is not a "fast read," nor does it provide readers with any information to make modern-day banking decisions. Readers are left to make their own comparisons between "then" and "now" and to fill in the 60-plus years in between. Germain has simply described the banking profession as it existed prior to 1930 in the context of the customs and practices of the times.