First Merchants Bank

Founded: 1893

Location: Northeast corner of Main and Mulberry Streets, Muncie (1893–1904); northwest corner of Main and Mulberry Streets (1904–14); northwest corner of Jackson and Mulberry Streets (1914–72); northeast corner of Jackson and Mulberry Streets (1972–)

Nine prominent businessmen launched the Merchants National Bank in the depths of the panic of the 1890s. Hardin Roads, a wholesale grocer, was named the bank's first president. While the national economy was distressed, the local market boomed with industry as many firms moved to the Muncie area to take advantage of the abundant natural gas fields. Although expected to last a century the gas boom turned to bust after 1900.

The bank prospered under Roads, despite fierce competition from five other, older financial institutions. After two days of business Merchants National had three employees, more than $9,500 in deposits, $2,550 in loans, and a capital fund amounting to more than $67,400. While the bank did not accept passbook savings accounts until the eve of the Great War, it did engage in checking services and handled short-term loans. Assets topped the $1 million mark in 1903.

The bank began as a small branch in a building operated by the Little brothers on Main and Mulberry Streets. When the brothers refused to install steam heat in the building or lower the rent, Merchants National Bank moved to the Neely Building. After ten years as a tenant of Neely, bank officials decided to build their own edifice. In 1914 the bank hired Muncie architect Cuno Kibele to construct the new center. Kibele built a classical-revival building constructed of Indiana limestone and accented with white marble at a cost of $45,000. The building, after several renovations in the 1930s, 1950s, and 1960s, remained the central branch and main office of the bank until a new building on the same block replaced it in 1972.

Roads endeavored to keep the bank current with technology and promoted a customer-friendly atmosphere, themes that continued into the 1990s. In 1900 he purchased an adding machine. Two years later the bank could boast of two such machines. All customers were welcomed, according to a pre–World War I Merchant National Bank advertisement, no matter if they were day laborers or the city's elite. Profits and assets under Roads climbed, reaching $1.7 million by 1913, while the bank recorded profits of $42,100. Immediately after the close of World War I, two Muncie financial institutions merged with Merchants National Bank in order to entice new industries to locate in Muncie. Total assets grew to more than $6 million after the mergers.

Because federal law prohibited the bank from providing real estate mortgage loans, Roads and Frank Bernard, an officer of the bank, devised a plan to create the Merchants Trust & Savings Company. The thrift began with a capital stock of $50,000 funded by the undivided profits of its mother bank. It would make loans to the "safest class of investments on the market" and handle trust functions. The board of directors acted as a de facto holding company since each board member held one share of the thrift's stock for every two of the bank's stock they owned. In 1946 the federal government decreed that the two companies had to become distinct entities in the name of competition.

The Roaring Twenties caused few problems for the bank. George A. Ball, of the Ball Brothers Manufacturing Corporation, joined his brother, Frank, on the board of directors. George later became chairman of the board. After the death of Roads, his responsibilities were divided between Frank Bernard, who was named president, and Eugene Vatet, Sr., who received the title of chairman of the board. Bernard steered the bank into launching an installment loan program and had been instrumental in completing the three-bank merger.

The 1930s and 1940s proved to be a trying time for the Muncie institution, but the bank survived and expanded. In 1930 the Peoples Trust Company liquidated its assets, with Merchants National picking up most of its customers. During the early years of the Great Depression unemployment climbed and consumer confidence in the banking industry dropped. Runs on banks, where numerous individuals withdrew all or most of their money for fear that a bank would soon close, led to the failure of several financial institutions that were otherwise healthy.

In order to prevent a bank panic in Muncie, in February 1933 George and Frank Ball announced that the Ball Corporation would guarantee the safety of deposits in all three Muncie banks. Even with the assurances of the Ball Corporation, apprehension increased, and by March, Merchants National had to limit withdraws to twenty-five dollars a day because of concerns that they might run out of currency. Merchants National remained financially strong throughout the 1929–33 period, as evidenced by the fact that the bank was allowed to immediately reopen after the Roosevelt-directed national bank holiday ended. The bank grew during the depression. On 14 March Merchants National merged with the Delaware County Bank. Total assets reached more than $12 million in 1938. Prosperity returned to Muncie and the bank in the early 1940s as factories churned out massive amounts of war material and employment soared. Assets in 1948 amounted to more than $39 million.

The first Hoosier to be named president, Chester Wingate, came to the office at a time of national and local prosperity. Wingate pursued an aggressive business strategy but never lost sight of the need to be conservative with the bank's funds. In 1946, as Wingate assumed his duties, the bank began embracing trust functions previously reserved for the Merchants Trust & Savings Company. Wingate drove the movement to take banking into the expanding neighborhoods via branch offices. In 1951 Merchant's first branch opened on south Madison Street. Bank management stressed the need to continue the tradition of personal service. At the Madison Street branch, for instance, the manager instructed employees to greet every customer by name. By 1953 two more branches opened through the purchase of the Muncie Banking Company, a state chartered bank with its central office on Charles Street in Muncie and a branch office in Eaton, a town twelve miles north of Muncie. The branch strategy seemed to work. By the end of the 1950s total assets topped $49 million.

Other measures worked to make the bank more responsive to its employees and more efficient. The bank adopted a generous retirement program for its employees. With the introduction of the branch system and the purchase of the Muncie Banking Company the institution's employees ceased to be under one roof, where decisions could be communicated easily and questions dealt with immediately. An administrative policy committee was created to improve communications between the various units of the bank. The committee included all of the senior executives, department heads, and branch managers and continued in 1998. A more strategic construction of branches began in the late 1950s. In 1957 the bank built an office near a new shopping mall and a new residential area, and two years later one was established near the Ball State University campus.

The 1960s and 1970s saw rapid changes affect the way the bank did business. In 1962 data processing equipment was installed. Three years later the bank bought its first computer and began to computerize its processing functions. By the mid-1960s all data processing moved to a centralized office in the old Indiana Steel and Wire Building. Although drive-up windows and overnight safety-deposit boxes in the early 1960s and electronic funds transfers and direct deposits in the late 1970s allowed customers more convenience, these devises tested the bank's ability to provide personalized service. The embrace of technology by the bank and its constant vigilance concerning service to its 45,000 customers allowed the financial institution to grow from $101.4 million in assets in 1968 to more than $242 million in 1978.

During the 1980s the banking industry went through a profound period of flux due to deregulation at both the national and state levels. A 1980 federal law blurred the distinctions between savings and loans, banks, and insurance companies. Five years later the state began allowing the creation of multicounty bank holding companies. Stefan S. Anderson, a graduate of Harvard and the University of Chicago, took the reins of the presidency in 1979 and had little time to enjoy the calm before deregulation. Stagflation and unemployment seemed especially harsh in Muncie as several industries left town or cut employees.

Anderson and the bank's management acted aggressively in the new atmosphere, implementing new machinery that allowed the financial institution to remain both profitable and customer oriented. In 1982 management instituted a strategic planning process, involving almost every employee, to create a five-year plan. The plan emphasized the desire to expand the use of new technology, develop innovative services for customers, and create a one-bank holding company to service the banking needs of east-central Indiana. The institution joined an automatic transfer machine system in 1981, making possible twenty-four-hour banking by the installation of MoneyMover machines at six branches. Customers were given the option of selecting from multiservice accounts, individual retirement accounts, discount security brokerage services, or more traditional financial services. Several years later the plan was completed when the First Merchants Corporation, a holding company for Merchants National Bank, was launched. By 1984 the company had more than 300 employees working at thirteen branch locations with assets exceeding $320 million.

In the 1990s change and tradition remained partners in the bank's success. Increased profits from fee services, from such things as selling money orders, added to the corporation's bottom line. In keeping with tradition, in the late 1980s the company developed and implemented the extra-step training program for its employees as a way to emphasize its desire not only to give good service to its customers, but also to give customer satisfaction, a proactive approach to solving problems. Merchants National Bank changed its name to First Merchants Bank in 1991, a move to tie it in the minds of consumers to its parent corporation. First Merchants Corporation grew during the 1990s. Between 1987 and 1996 Pendleton Bank, the First United Bank of Middletown, the Union County National Bank, and the Randolph County Bank became subsidiaries of the First Merchants Corporation. In 1998 total assets of the corporation exceeded $1 billion and its common stock received an A+ rating from Standard & Poor. The corporation serviced seven counties in east-central Indiana through twenty-four offices. Stefan Anderson remained the president of the corporation and the chairman of its board of directors.