



AMBASSADOR FINANCIAL GROUP

Notes from the Ambassador Bank Vault

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Highlights From The Philadelphia Business Journal Banking Panel “Local Banking in the Age of Trump”

“I like the chase, but I like to stack the deck a little in my favor.” – Lawrence Taylor, former New York Giants linebacker. Election results generally left community bankers and bank investors hopeful that operating conditions will become much more favorable, but there is a growing sense that major regulatory relief and tax reform could take longer to enact than previously expected due to political battles in Washington D.C. As a result, the panelists generally agreed that community banks are likely to benefit from higher interest rates before significant regulatory relief or tax reform is enacted.

-  We attended a banking panel workshop last week sponsored by the *Philadelphia Business Journal*. Panelists featured Mike Carbone (Regional President, TD Bank); Dan Fitzpatrick (Regional President, Citizens Bank); Angela Snyder (CEO, Fulton Bank of New Jersey); Mark Turner (CEO, WSFS Financial); Jeff Schweitzer (CEO, Univest Corporation); and Chris Annas (CEO, Meridian Bank).
-  The seminar, which included approximately 150 attendees, was geared to the potential legislative, regulatory, and economic developments that should affect community banks. The panelists also discussed key issues that specifically impact banks operating in southeastern Pennsylvania markets.
-  The bankers were generally upbeat about the economic health of the local economy, including Philadelphia. The area features pockets with strong construction activity while overall credit conditions remain benign.
-  It appeared to the panel that political gridlock will delay legislative and/or tax reform. The bankers, however, opined that community banks should benefit from higher interest rates provided that the yield curve does not flatten. The effect of higher rates upon funding costs and the stability of core deposits was not discussed in any detail.
-  The consensus among the panelists was the community banks will benefit from less enforcement of current regulations, even if formal legislation does not occur.
-  Community banks are in the process of determining the optimal number and size of neighborhood branches. It appears that a few southeastern Pennsylvania banks are actively considering expanding into Philadelphia through *de novo* branches.
-  The local banks are reluctant to take advantage of the well-publicized customer issues at Well Fargo through negative advertising aimed at disgruntled customers.
-  Attracting highly talented and motivated workers for entry level positions among the Millennials remains difficult. We suspect this is a challenge for much of the banking industry throughout the nation.

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