



AMBASSADOR FINANCIAL GROUP

Notes from the Ambassador Bank Vault

November 14, 2018

Highlights from the Philadelphia Business Journal Banking Panel “Banking on Change: Philadelphia’s Shifting Financial Landscape”

Banking across Greater Philadelphia – and throughout the nation – is rapidly changing due to the dynamic impact of technology coupled with the rising economic power of Millennials, who expect modern practices from their financial institution. The Philadelphia-Camden-Wilmington MSA (fifth largest in the U.S.) economy appears strong as business opportunities seem to outweigh challenges.

- 📦 We attended a banking panel workshop yesterday sponsored by the *Philadelphia Business Journal*. Panelists featured Joseph Kirk (Region Bank President, Wells Fargo Bank); Michele Lawrence (Regional Director, JPMorgan Chase); Rodger Levenson (Chief Operating Officer and incoming CEO, WSFS Financial Corp.); and Joe Meterchick (Regional President, PNC Bank).
- 📦 The seminar, which included approximately 100 attendees, was geared to the economic and regulatory developments expected to impact banks operating in southeastern Pennsylvania markets.
- 📦 The bankers were upbeat about the economic health of the Greater Philadelphia economy. Small business owners appear to remain optimistic and life sciences and technology firms are areas of strength. A shortage of skilled labor across the area and different industries is a problem. It was also noted overall asset quality remains good.
- 📦 JPM Morgan Chase’s plan to expand in Philadelphia – 50 retail branches are expected to be opened - will affect many areas of banking including retail, commercial, and community reinvestment. Increased competition could possibly lead to more mergers as smaller banks decide that more scale is needed.
- 📦 Michele Lawrence noted that JPMorgan has had a commercial lending presence in the Philadelphia area for approximately 20 years and that business prospects are better today compared with the recent past.
- 📦 The other panelists welcomed JPMorgan’s plan to expand its Philadelphia presence as a sign that the local economy is strong and growing. All bankers embrace a growing economy, but it’s hard to believe established banks want a New York money center bank to expand in Philadelphia.
- 📦 The banks appear to be quite willing to embrace technology and evolving cultures to provide more flexibility to compete better against other banks and non-bank competitors.
- 📦 All of the bankers recognized the generational change and growing need to attract Millennials as both retail and commercial customers. For instance, there probably will be fewer branches in the future, but those branches will be staffed with more highly trained (and better paid) personnel to better assist clients.
- 📦 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.
- 📦 The consensus among the panelists appears to be that the political situation will not change much through legislation following the mid-term elections. There is however, a favorable business and banking tone that was set by the Trump Administration’s appointment of several former bankers at high-level regulatory positions.

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