

The competition for customers heats up as BofA and JPMorgan Chase enter Pittsburgh's retail landscape with new branches.

PHOTO ILLUSTRATION JIM SNIVELY



By Patty Tascarella – Senior Reporter, Pittsburgh Business Times
Jun 20, 2019, 7:32am EDT

If you want to see how intense the competition for retail customers is among the nation's largest banks, just look to The Waterfront in Homestead.

The Waterfront is where PNC Financial Services Group Inc. planted its prototype branch in April, a sort of lab to test concepts to be deployed throughout the hometown bank's footprint. It is where JPMorgan Chase & Co. secured a location for one of its first six Pittsburgh branches. And it's where Bank of America Corp., which entered the local retail market last fall with plans to open at least 13 retail locations over the next two years, obtained regulatory clearance to deploy a mobile branch this month, sort of a hold-the-space marker that enables it to get an early start in Homestead.

"It tells you something that all three of us see that development and say, 'Wow, that's where we want to be,'" said Brian Ludwick, BofA's Pittsburgh market president.



Brian Ludwick, Pittsburgh market president at Bank of America Corp.

JOE WOJCIK

And it tells you something about the stakes in this relaunch of retail banking across the country, with the nation's largest banks, including PNC, Chase and BofA, all bucking the trend of declining branches by adding branches in new markets.

"This is a game-changer," said Michael Price, president and CEO at First Commonwealth Financial Corp. "They're coming here to take market share. They want to gather retail accounts but also corporate accounts, and their branches become terrific billboards for their brands. It's a savvy play in a market that may be considered underbanked."

For Pittsburgh itself, it really doesn't get better. BofA and Chase will be pumping money into the community to advance causes and interests and upping their visibility. And customers will have more options for products and services as competition triggers better pricing.

But what about the 52 other banks operating in the 10-county Pittsburgh metro? Any time a new financial institution enters a region, usually through acquisition, existing players clamor to pry off some business.

"Disruption helps, I'm not going to suggest it doesn't, but we still have to earn the business, and that goes for anybody," said Vincent Delie Jr., F.N.B. Corp. chairman, president and CEO. "All of these people are good players."

BofA builds its brand

Just two years ago, national branch purging was at a record high as 1,700 closed during the 12 months ended June 30, 2017. The combination of personnel and real estate costs make retail one of the biggest expenses for financial institutions, and customers increasingly handle transactions electronically.

But deposits fund loans, branches market the brand and training employees to cross-sell opens up

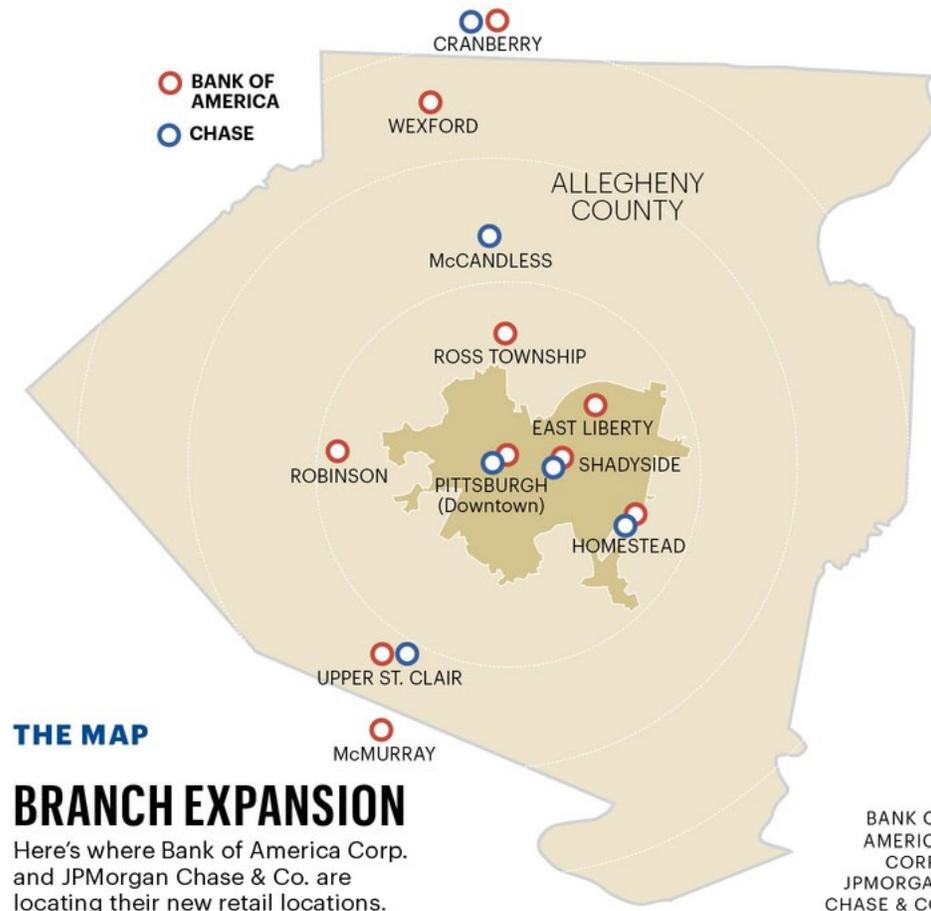
new business opportunities. Add in the fact that branches can house wealth advisors, mortgage specialists and business lenders, and it starts to make sense why the bigger players are adding branches.

“When we look to locate a financial center, we’re looking for certain characteristics of the market; we do a lot of analysis of where we can drive good foot traffic flow,” Ludwick said. “But to me, it’s about being part of the community.”

Ludwick was appointed BofA’s first-ever Pittsburgh region president in December 2017, 17 months after coming to town as market executive for western Pennsylvania at subsidiary Merrill Lynch. Now he’s a fixture, serving on the boards of the Pittsburgh Symphony Orchestra and the Andy Warhol Museum.

BofA has dramatically increased its civic profile here since its first retail branch opened last September in Upper St. Clair. It will be presenting sponsor for the Warhol’s 25th anniversary, served as presenting sponsor of the 57th Carnegie International and gave a \$1 million grant to the Children’s Museum of Pittsburgh.

The bank has invested \$125 million for home and small business loans through 2018 in southwestern Pennsylvania, Ludwick said, and expects that number to grow with the expansion of its network. It also invested \$7 million in Pittsburgh-area community development financial institutions to help finance small businesses, affordable housing and other economic revitalization projects in primarily low- and moderate-income communities.



Thus far, BofA has identified 10 of the 13 retail locations — including both full-scale branches and Advanced Centers that are technology-intensive but smaller than a branch — that it plans to open over the next two years in the Pittsburgh metro. But its presence already seems larger than it is in reality — for example, a pair of ATMs in Pittsburgh’s South Side neighborhood are in a building, replete with BofA branding, that formerly housed a Subway fast-food franchise. Ludwick said about one-third of BofA’s ATMs are “away from the elements,” in locations the bank wants to be convenient for clients.

“We look for the best customer experience we can get,” Ludwick said. “If we can get a facility that’s housed, has some protection from the elements, we’ll pursue it.”

The bank’s full local employment numbers weren’t immediately available, but Ludwick said it expects to add at least 30 posts here this year across various lines of business. BofA has made dramatic strides in other new markets, as evidenced by Federal Deposit Insurance Corp. data. It entered Denver in 2014 and now ranks sixth in terms of deposit market share. It came to Minneapolis in 2015 and is now third, and Indianapolis in 2017, where it is No. 5.

The Chase is on

It’s also too early to tell what impact Chase’s arrival will have on the Pittsburgh market. Chase declined to give any Pittsburgh specifics beyond confirmation of six sites and provided a general opening date of just one, One Oxford Centre, in the fall. It expects to open 90 branches in new markets by year-end, hiring up to 700.

Chase did not say how many would be local, but it’s not worried about attracting skilled staff.

“Pittsburgh’s replete with talent,” said Sandra Reiman, who was hired in May to lead Chase’s branch expansion as executive director, Pittsburgh market director for consumer banking. “Our focus is to hire the right talent to fit our culture.”

Chase held its first major local recruitment event on June 11; it typically hires five to seven per branch.

Reiman previously worked at both PNC and Citizens Bank, the two banks most likely to feel pressure from Chase and BofA. A Lancaster native, she came to Pittsburgh in 2002 as her husband earned his MBA at Carnegie Mellon University; he became director of the \$2.5 billion Richard King Mellon Foundation in January.

“We’re customer-obsessed,” Reiman said. “We want Pittsburghers to come out and see the difference. I think a lot of our success is in our technology, and that’s going to be our competitive advantage. But seeing is believing.”

Since Chase’s national expansion began in late 2018, there’s no data available on its progress. Anecdotally, Jennifer Zuccarelli, a spokeswoman, said Chase has seen “strong demand” for its new branches.

“In our first D.C. branches, we saw customers drive over 200 miles to open an account,” she said.

Chase focuses corporate responsibility work “on enabling more people to contribute to and share in the rewards of a growing economy,” said Zuccarelli, who grew up in Pittsburgh. The priority areas are jobs and skills, small business expansion, financial health and neighborhood revitalization.

Competition heats up

The impact of both BofA and Chase to the local banking landscape will be intense as competition accelerates for talent and prime real estate.

“It’s going to be tough especially for the smaller guys to respond,” said Eric Compton, a financial analyst who tracks banking at Morningstar and believes the newcomers will likely trigger consolidation among smaller banks. “One of the biggest questions for the industry is how this will shake out. The money center banks are turning up the pressure and taking deposit share away. But if anyone can fend them off, it’s PNC. If they can’t, all the regionals are in trouble.”

The Pittsburgh market has been described as a barbell with PNC on one end and everyone else on the other. PNC has a whopping 43 percent market share, according to the FDIC’s most recent data.

PNC embarked last fall on its own national retail expansion, but its strategy is different. Instead of putting in, say, the 50 branches within five years that Chase has vowed for Boston, Philadelphia and Washington, D.C., PNC’s plan is digitally-driven, augmented with a handful of branches per metro. The brick-and-mortar component is unfolding in metros where PNC has already brought in its corporate finance business and appointed regional presidents, starting with Dallas and Kansas City.

“It has made a big difference when you plant that flag in the ground and couple it with products and services,” said Louis Cestello, PNC executive vice president and head of regional markets. “People understand you’re committed. You’re there. We’ll face that with Chase and BofA. What we have seen is, for many of the retail and wealth clients, they like to be able to talk to someone face-to-face to feel safe and sounds. They come in to have conversations about planning, diversification, home purchases. Having a presence to do that in these new markets is really helpful. But a log of them never come back in for cash transactions. So many are being done electronically.”

Competing with the Chase and BofA is nothing new for PNC. Castello said it’s business as usual. Attracting and retaining talent is of prime importance, but there is a benefit to its headquarters city in that PNC can accommodate career tracks, Castello said.

“We have quite a number of internal positions here and think some of the banks that are just going to open retail locations won’t have the upwardly mobile opportunities we’re able to offer,” he said.

Another challenge for the incoming banks, who both have had a presence on the commercial side in Pittsburgh for years but not a retail component, is connectivity in the community isn’t achieved quickly.

“I like our position,” said Mark Rendulic, Citizens Bank’s Pittsburgh retail director and market president. “It’s not easily replicated. It doesn’t matter how big you are. We have 800 people with deep roots in the retail business and connected to customers, and we have an outstanding relationship with Giant Eagle,” which houses more than one-third of its local branches.

Rich Beynon, president of real estate firm Beynon & Co., said the areas the new banks want to be in are in high demand.

“They’re coming into an already strong market and need to be in densely populated, higher-end areas with retail and office mixed-use,” Beynon said.

Price doesn’t think the big banks will look to reach into smaller neighborhoods, which is where he wants to expand First Commonwealth, possibly by acquiring even smaller financial institutions unable to keep up with the technology the newcomers bring.

“We can make it work, block-by-block, customer-by-customer,” he said.

MORE IN BANKING & FINANCIAL SERVICES

More ↗



Viewpoint: The local benefits of the banking wars

BY JENNIFER BEAHM



PNC vet is next Bridgeway CEO

BY PATTY TASCARELLA



Federal Reserve waits for more information before cutting rates

FINANCIAL TIMES



New CEO at Bridgeway Capital

BY PATTY TASCARELLA



Fed holds rates but signals more dovish outlook

FINANCIAL TIMES

SEP. 19

VisionPittsburgh

VisionPittsburgh is a luncheon designed to open a discussion about the future of our region featuring the perspectives of prominent local...

MORE EVENTS



[Back to Top](#)

PITTSBURGH BUSINESS TIMES

[Home](#) [News](#) [Lists & Leads](#) [People](#) [Companies](#) [Events](#) [Jobs](#) [Store](#)

SUBSCRIBERS

- [Start a Subscription](#)
- [Subscriber-Only Content](#)
- [Digital Edition](#)
- [Book of Lists](#)
- [Book of Lists - Unlimited](#)
- [Manage your Account](#)



ABOUT & CONTACT

- [About Us](#)
- [About The Business Journals](#)
- [Advertise](#)
- [Help & FAQs](#)
- [Contact Us](#)
- [Call Center Directory](#)

APPS & SYNDICATION

- [Mobile Apps](#)
- [Syndication/RSS](#)

FOLLOW US

ACBJ

- [American City Business Journals](#)
- [AmericanInno](#)
- [Bizwomen](#)
- [Hemmings](#)
- [Inside Lacrosse](#)
- [Sports Business Journal](#)

[User Agreement](#) | [Privacy Policy](#) | [Your California Privacy Rights](#) | [Ad Choices](#)

© 2019 American City Business Journals. All rights reserved. Use of and/or registration on any portion of this site constitutes acceptance of our User Agreement (updated 5/24/18) and Privacy Policy and Cookie Statement (updated 5/24/18). The material on this site may not be reproduced, distributed, transmitted, cached or otherwise used, except with the prior written permission of American City Business Journals.