

Happy Tuesday, Bank Slaters!

Kicking off a short week here. Hope it is a fruitful and productive time as we get 2023 off on the right foot. When you get a chance, read this [Finopotamus article](#) where I carefully weigh in on the debate over credit unions buying banks.

Let's talk about ways to bring in younger customers, an area where many financial institutions struggle. It takes more than a cutting-edge digital platform to bring them into the fold. Great service and quality products matter, but there are other steps banks and credit unions should consider to become more competitive.

Remember when I wrote about [hiring opportunities](#) from fintech layoffs? Many of these steps could also help banks and credit unions win over those potential employees, which in turn could bring in younger customers.

**Appeal to Altruism:** Get involved with causes, including those tied to Environment, Social, and Governance (ESG). Remember this must be sincere. A credit union in central Tennessee developed ties to [Root Nashville](#), a nature conservancy nonprofit.

**Relax Dress Codes:** Consumers want to bank where the employees look more like them. Diversify frontline staff and loosen appearance standards. At least one credit union I know lifted an unspoken rule barring tattoos.

**Customize Rewards:** FIs are working more with third parties on payments-related perks to appeal to Gen Z and millennials. There's a credit union that offers cashback rewards that highlight a different merchant each month. Another reimburses Spotify costs.

**Poll the Audience:** Ask customers what they want. Several banks and credit unions have formed focus groups comprised of consumers who are 35 and younger.

**Rebrand:** Create distance from stereotypes by rebranding to deemphasize (or eliminate) the terms 'bank' or 'credit union' from signage and marketing materials. I wrote about rebranding in [a recent newsletter](#). The Truist brand confused people at first but the brand is now widely accepted.

How do you appeal to younger customers? Let me know at [info@thebanksplate.com](mailto:info@thebanksplate.com).

Let's look at the past week's headlines.

## **The Big Headline**

JPMorgan Chase [filed a lawsuit](#) alleging it was duped into overpaying for Frank, a college financial planning platform. The lawsuit claims that Charlie Javice, Frank's founder, and another employee inflated the number of people who used the platform. JPMorgan Chase, which paid \$175 million for Frank in 2021, recently shut down the platform's website. Javice's lawyer disputed the allegations.

## **M&A**

- The management team at Prosperity Bancshares in Houston spent last summer juggling negotiations and due diligence for the pending purchases of Lone Star State Bancshares and First Bancshares of Texas. The Bank Slate shares [a behind-the-scenes look](#) at the process.
- Columbia Banking System in Washington and Umpqua Holdings in Oregon plan to [complete their merger in February](#) after receiving FDIC approval.
- First Guaranty Bancshares in Louisiana [agreed to buy](#) Lone Star Bank in Houston for \$78.7 million in stock.
- Old Mission Bank in Michigan [agreed to be sold](#) to 4Front Credit Union in Michigan. The credit union expects to buy the bank by yearend for an undisclosed price.
- Nuvei, a payment technology firm in Montreal, agreed to buy Paya Holdings, an [integrated payments platform](#) based in Atlanta.

## **Arrivals/Departures**

- Independent Bank in Massachusetts said Jeffrey Tengel will succeed Christopher Oddleifson as [CEO on Feb. 6](#). Tengel, who joined Independent's board, was head of commercial specialty banking at M&T Bank.
- Centier Bank in Indiana said Chris Cambell will succeed his father-in-law, Michael Schrage, [as its president](#). Schrage, who remains chairman and CEO, replaced his father as president of the family-owned bank in the late 1970s.
- Sturdy Savings Bank in New Jersey said Gregory Matuson, its COO, succeeded Gerald Reeves as [president and CEO](#). Reeves held the top posts for 15 years. Matuson also joined the bank's board.
- Citizens Bank of Philadelphia in Mississippi said Greg Mckee will [retire as president/CEO on Jan. 31](#). A decision on his successor should happen soon.
- Mark Vitner, who retired last year as Wells Fargo's chief economist, formed [Piedmont Crescent Capital](#), an [economic consulting firm](#).

## **(Fin)tech**

- LendingClub in San Francisco will [lay off 225 employees](#) to offset lower marketplace revenue tied to rising interest rates.
- The House Financial Services Committee formed the Subcommittee on Digital Assets, Financial Technology and Inclusion, to be [chaired by Rep. French Hill \(R-Ark.\)](#).
- Forbright Bank in Maryland hired Matthew Quale as president of digital banking. Quale, tasked with helping Forbright [create a digital bank](#), was president of Bask Bank, Texas Capital's direct-to-consumer digital bank.
- Western Alliance Bancorp. in Phoenix will invest \$2.2 million to hire 150 people and open [a tech hub in Ohio](#). The company plans to hire engineers, data analysts, developers, finance specialists and network operators.
- Metropolitan Bank Holding in New York will [exit the crypto-asset business](#) in a move that reflects recent developments in the crypto space and "material changes" in the regulatory environment.

## **Odds & Ends**

- City National Bank in Los Angeles pledged more than \$31 million to increase lending to Black and Hispanic homebuyers under [a settlement with the Justice Department](#). The Royal Bank of Canada unit, which denied wrongdoing, was accused of violating the Fair Housing Act.
- Eric John Bergevin, president and CEO of Integrated Financial Holdings in North Carolina, [died in a plane crash](#) in southern Virginia. Marc McConnell, the company's chairman, became acting president and CEO. IFH said its pending sale to MVB Financial remains on track.
- Wells Fargo in San Francisco will [exit correspondent lending](#), shifting its focus to programs designed to "advance racial equity in homeownership."
- Legacy Bank and Trust in Missouri has formed [Legacy Capital Mortgage](#), "a HUD-approved multifamily accelerated processing lender."
- Bancorp 34 in Arizona [raised \\$14 million](#) through a private placement of common and preferred stock led by Castle Creek Capital. The company plans to raise another \$14 million this quarter.
- First of Long Island in NY added activist Abbott Cooper to its board. Cooper, who runs Driver Management, agreed to "[customary voting commitments](#)."

That's all for now. I hope each of you have a smooth week!