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2022 bank reputation: Payoff for thinking outside the box

By Miriam Cross | November 28, 2022

Normally a new bank headquarters would hardly draw much attention.

But F.N.B. Corp. in Pittsburgh has proved to be an exception to this because of the unusual choices management has made in developing its new office building.

The partially constructed 26-story tower, to be called FNB Financial Center, is scheduled to open in 2024 with the bank serving as the anchor tenant. It will occupy the former site of the Civic Arena, where the Penguins, Pittsburgh's National Hockey League team, once played. The Hill District neighborhood that surrounds this site is historically Black, and experienced turmoil in the 1950s and 1960s when a redevelopment project displaced many residents.

The bank's decision to plant itself in a predominantly minority area is one that F.N.B. President and CEO Vincent Delie Jr. says people have responded favorably.

"They understand that it's beneficial for everybody," he said.

To support the neighborhood, the development team, including F.N.B., has awarded nearly \$30 million in contracts to minority-owned businesses and more than \$7 million to women-owned businesses to help construct the building. Thirty percent of businesses participating in the project must be minority businesses and 15% must be women-owned. The bank is feeding \$7.5 million in monetized revenue



A rendering shows what the FNB Financial Center will look like when it's completed in 2024. F.N.B. Corp. will serve as the anchor tenant in the 26-story building.

F.N.B. Corp.

from tax incentives for revitalization into housing assistance subsidies, project development initiatives and more in the Hill District. The plan calls for about 10% of the parking revenue to be redeployed to the community through a tax diversion benefit.

"The community benefit agreement called for some lofty community participation," Delie said. "We signed up for it."

It's not the first time FNB has pitched in funds for people and businesses in the Hill District. In 2017, the bank contributed \$165,000 to Hill District Federal Credit Union to boost deposits and update its core computer system after another bank that provided services to the credit union ended their relationship.

That left the credit union short on cash.

"We didn't want to see that credit union go through a crisis," said Delie.

This approach has likely helped F.N.B. garner goodwill within its service area. It came in fourth among noncustomers in this year's annual ranking of bank reputations completed by RepTrak with American Banker. F.N.B. ranked 35th among customers.

Although overall this year's bank reputation scores were largely flat from 2021, there are still important lessons to be gleaned from the data. The \$41.7 billion-asset F.N.B.'s approach demonstrates one of these takeaways — how innovative thinking can go beyond apps and gadgets to bolster a bank's reputation.

Survey methodology

Company selection:

- Companies were drawn from the Federal Reserve's list of commercial banks as of Dec. 31, 2021, and coupled with key regional and non-traditional banks. Final selections were made in conjunction with American Banker.
- Only companies with significant retail businesses, and/or significant retail brands were considered.

Ratings:

- Respondents were surveyed online in June 2022.
- Each respondent, whether a customer or noncustomer, was required to have high familiarity with any bank they rated.

Reaping the rewards of a good reputation

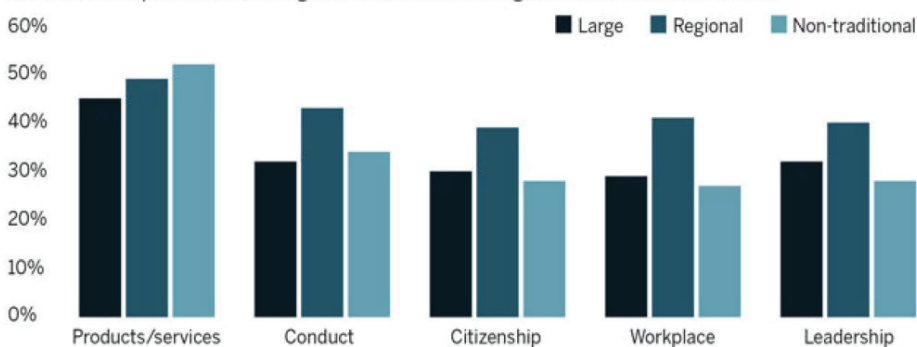
American Banker examined 41 large, regional and nontraditional banks in its annual survey with RepTrak, a reputation intelligence firm, to gauge the most reputable banks in the U.S. The respondents, including both customers and noncustomers, were required to have high familiarity with the institutions they rated.

Participants provided their opinions about banks' reputations and performances across a number of areas, including products and services, innovation, corporate responsibility, diversity and reputational risks.

There are a few key takeaways from

Innovation beyond technology

Customers rated how innovative each company was in different categories. Nontraditional institutions did the best in products while regional banks were the highest rated in all other areas.



Source: RepTrak



BankUnited has made several investments in technology in the past few years, including an automated credit decisioning tool for small-business loans under \$500,000, said Lisa Shim, head of consumer and small-business banking.

Bob Soto Photography

the data. Regional and nontraditional banks enjoyed higher reputation scores than large banks, but large banks are steadily closing the gap. People want innovation to encompass more than digital banking. And while diversity in the workplace matters more to people now than it did in 2021, banks' scores are slipping.

In overall reputation, customers gave large banks a score of 75.3 out of 100 in 2022, which RepTrak deems "strong" and which is only 2.5 points below regional banks. It marks the sixth consecutive year that large banks have gained ground on their regional counterparts.

Noncustomers cast a more skeptical eye on large banks, awarding them a "weak" score of 56.6. But there, too,

large banks are on a three-year streak of closing the gap between themselves and regional banks.

Nontraditional banks, which this year include several online-only institutions and a challenger bank, beat both large and regional institutions in the eyes of customers, but are on par with regional banks in 2022, according to noncustomers.

"Large banks have become much smarter around corporate citizenship," said Sven Klingemann, senior director at RepTrak. "They haven't only talked about it but followed through."

Large banks have also been riding a wave of positive sentiment during the pandemic, as they gave breaks to customers burdened by financial hardship, extended loans through the Paycheck Protection Program and contributed to philanthropic efforts.

"Large banks got really good performance reviews over how they responded to the crisis," said Klingemann. "It has allowed large banks to illustrate how 'bigger' can sometimes be better if viewed through the lens of financial strength and stability."

'Digital innovation is only the start'

Consumers are generally lukewarm about the importance of innovation to banks.

When asked to rank seven drivers of reputation in order of importance, products and services floated to the top of customer rankings, followed by conduct. Conduct is at the top for noncustomers, followed by products and services. Meanwhile, innovation came in six out of seven for customers and in fourth place for noncustomers.

At the same time, innovation is the single weakest performance area in the eyes of both customers and noncustomers. “The tricky part here is that banks cannot rely on the fact that innovation is slightly less important relative to other business areas,” said Klingemann. “It holds your reputation back.”

Klingemann theorizes that it’s hard to differentiate oneself in retail banking. “When I see an ad for having the best app — how can it be significantly better?”

Delie said F.N.B. has something unique with eStore. The digital banking feature, still in the midst of a phased rollout, lets users of the website, app or in-branch kiosk browse an array of deposit accounts, loan types, business products, financial education content and more, add selected items to a “shopping cart,” and “check out” — that is, apply or learn more. Upgrades slated for next year will let people purchase multiple products simultaneously without repeatedly filling in the same fields.

“I could get a deposit product, a consumer loan and apply for a mortgage simultaneously,” Delie said. “That’s what’s different about it.” Total eStore visits grew 120% year over year in September.

Products are the one aspect of innovation where stakeholders see the greatest need. When asked in which area they would like banks to differentiate themselves more from one another, 40% of respondents felt there was a “strong need” to do so with products and services.

At the same time, nontraditional forms of innovation generated interest. Thirty-four percent of respondents expressed a need to innovate around conduct, or ethical fair and transparent behavior. Twenty-eight percent felt the

same around citizenship, or societal contributions, and 27% echoed the sentiment for workplace and leadership. This is where out-of-the-box thinking, such as F.N.B.’s development of its headquarters, can help build a stronger reputation.

“Digital innovation is only the start,” Klingemann said.

Regional banks are perceived to be the most innovative in most of these categories. BankUnited in Miami Lakes, Florida, ranked first among all banks when it comes to “comprehensive” innovation in the eyes of customers, that is innovation that encompasses products, conduct, citizenship, workplace and leadership.

Lisa Shim, head of consumer and small-business banking at the \$36.6 billion-asset BankUnited, says the bank has made several investments in technology in the past few years, including an automated credit decisioning tool for small-business loans under \$500,000 and revamping its mobile app.

The bank has also sought more intentional ways to promote inclusivity and equality in the workplace while supporting those same values outside of it. In 2020 it started the iCARE program, which stands for Inclusive Community of Advocacy, Respect and Equality. A council made up of employees across multiple departments is leading efforts to bolster an equitable culture through diversity training, mentorship programs and volunteering.

“Prior to iCARE there were these ad hoc moments, but we’ve centralized a lot of initiatives under this umbrella,” Shim said.

As one example, Shim and other members of the council designed a program called ATOM Pink Tank where female leaders from the bank select and mentor a group of female students from Florida International University who are interested in science, technology, engineering and math, or STEM, careers. (ATOM stands for Analytics, Technology, Optimal Learning, Mentorship.)

They undergo a six-month leadership development program, which culminates in a hackathon-style challenge, and may receive a scholarship that could be applied to their tuition. The experience could also lead to an internship or job at the bank.

“Banks are always looking for good STEM talent,” Shim said. “We wanted to make an opportunity for women to explore this type of career.”

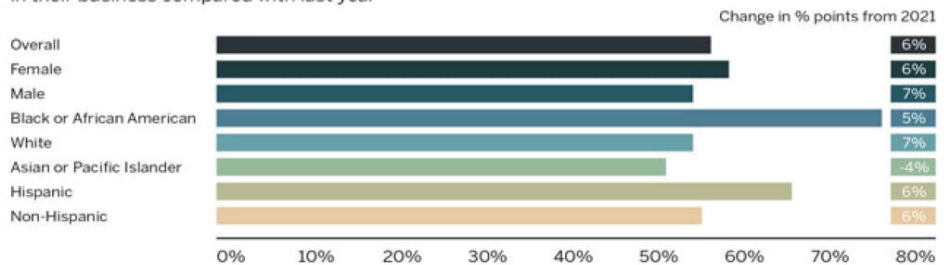
Frost Bank, the banking division of Cullen/Frost Bankers in San Antonio, ranked first among noncustomers for comprehensive innovation. Linda Albornoz, chief information officer of the \$51.8 billion-asset Frost, speculates that the bank’s online talent fairs, which connect potential applicants with Frost employees, have and will spark enthusiasm for the bank. The first took place three months ago and the bank is planning another for early 2023.

“I tend to think even if we don’t bring on more than one in 50 of those individuals who show up, they leave excited about the work we are doing,” she said.

The bank also hosts community events for new branch openings. Representatives from local schools, nonprofits and small-business associations

DEI growing in importance

More consumers said that it was important that banks address a lack of diversity, equity and inclusion in their business compared with last year



Source: RepTrak

Bank reputation ranking for 2022 among noncustomers

Rank	Bank	2022 noncustomer score	2021 noncustomer score	Change
1	USAA Bank	75.6	76.2	-0.6
2	Cullen/Frost Bankers	73	71.9	1.2
3	BOK Financial	72.9	73.2	-0.3
4	First National Bank of Pennsylvania	72.5	69.6	2.9
5	Northern Trust	72	71.5	0.6
6	People's United	71.3	67.2	4.1
7	First Tennessee	71.2	69.4	1.8
8	Associated Bank	71	68.2	2.8
9	BankUnited	70.6	68.5	2.1
10	Comerica	70.2	66.3	3.8
11	Chime	70.1	N/A	N/A
12	Webster Bank	70.1	70.8	-0.8
13	Synovus Financial	69.7	68.4	1.3
14	First Citizens	69.1	69.4	-0.3
15	Citizens Bank	68.4	66.7	1.7
16	Regions	68.4	67.9	0.5
17	Truist Bank	68.3	71.2	-2.8
18	Union Bank	68.1	67.1	1
19	Huntington Bank	68	66.1	1.9
20	Zions Bank	67.4	71.9	-4.5
21	PNC	66.9	66	0.9
22	Valley National Bank	66.8	71.5	-4.7
23	Marcus	66.5	N/A	N/A
24	KeyBank	66.5	64.9	1.6
25	Ally Bank	66.1	66.8	-0.7
26	Discover Bank	65.8	66.8	-1
27	BBVA Compass	65.8	69	-3.2
28	TD Bank	65.2	68.8	-3.5
29	U.S. Bank	65.1	65.7	-0.6
30	BMO Harris Bank	64.9	68.1	-3.2
31	Chase	64.6	64.7	-0.1
32	M&T Bank	63.9	68	-4.2
33	Capital One	63.7	64.5	-0.8
34	Synchrony Bank	63.2	N/A	N/A
35	Citibank	63.2	62.2	1
36	Bank of the West	63	68	-5
37	Fifth Third Bank	61.3	65.8	-4.5
38	HSBC	61.1	58.7	2.5
39	Santander	60.3	64.3	-4
40	Bank of America	51.3	51.9	-0.7
41	Wells Fargo	42.7	40.8	1.9

Poor: 0-39 Average: 60-69 Excellent: 80+
Weak: 40-59 Strong: 70-79

Source: RepTrak

Bank reputation ranking for 2022 by customer scores

Rank	Bank	2022 customer score	2021 customer score	Change
1	USAA Bank	86.7	88.4	-1.7
2	BankUnited	82.6	80.5	2.1
3	BOK Financial	82	79.9	2.1
4	TD Bank	81.8	78	3.9
5	Fifth Third Bank	81.5	74.5	7
6	Chime	81.4	N/A	N/A
7	BMO Harris Bank	81.1	78.2	2.9
8	Ally Bank	81.1	83.2	-2.1
9	Huntington Bank	80.9	84	-3.1
10	First Citizens	80.5	79.4	1.1
11	Discover Bank	80.3	81	-0.7
12	Regions	80.2	82	-1.8
13	Zions Bank	80.1	79.3	0.8
14	PNC	80	80.6	-0.6
15	Northern Trust	79.2	77.1	2.1
16	KeyBank	79.1	78.2	1
17	Valley National Bank	79	73.8	5.2
18	HSBC	78.5	76.6	2
19	Capital One	78.5	78.2	0.3
20	Comerica	78.1	76.8	1.2
21	Webster Bank	78	80.2	-2.1
22	Marcus	77.5	N/A	N/A
23	Truist Bank	77.4	80	-2.6
24	Bank of America	77.3	73.4	3.9
25	U.S. Bank	77.1	80	-2.9
26	First Tennessee	76.8	74.8	2
27	Associated Bank	76.7	72.1	4.6
28	People's United	76.6	75.2	1.3
29	Chase	76.4	77	-0.5
30	Cullen/Frost Bankers	76.4	78.8	-2.4
31	Bank of the West	76.2	78.3	-2.1
32	BBVA Compass	75.7	77.7	-2
33	Citizens Bank	75.6	78.5	-2.9
34	M&T Bank	74.8	76	-1.2
35	First National Bank of Pennsylvania	74.6	76.4	-1.7
36	Synovus Financial	74.1	75.1	-1
37	Citibank	73.4	71.8	1.5
38	Union Bank	73.2	79.4	-6.2
39	Synchrony Bank	71.7	N/A	N/A
40	Santander	71.6	70	1.6
41	Wells Fargo	70.9	64.5	6.4

Poor: 0-39 Average: 60-69 Excellent: 80+
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Source: RepTrak

attend and give insights into their communities.

“I think that plays a huge part in our reputation,” said Blair McGrain, chief marketing officer at Frost. “We listen to what the community needs.”

Improving diversity metrics

At least half of respondents in every demographic surveyed by RepTrak agree that there is a strong need for diversity, equity and inclusion. Almost every group, including women, Black people and Hispanics, felt it was even more important in 2022 than in 2021 that banks address a potential lack of DEI within their business.

Frost Bank scored the highest in overall DEI when it comes to non-

customers, and ranked fourth in overall DEI in the eyes of customers. One move that perhaps consumers responded to: The bank named its first chief diversity, inclusion, equity and belonging officer, Karen White, who reports directly to Frost CEO Phillip Green.

“I have his ear every day,” White said. She doesn’t recruit diverse job candidates, but works on deepening the bank’s relationships with DEI offices at colleges so it can find underrepresented students. She is also forming regional councils that will help her come up with events and programming that reflect DEI values.

“What works in Houston or San Antonio may not look the same in Dallas or Corpus Christi,” White said.

At the same time, banks as a whole are not entirely meeting consumer expectations. When asked to evaluate banks’ performances on a list of DEI-related priorities, including “providing equal pay for equal work” and “leadership and career development for employees from underrepresented groups,” respondents gave large and regional banks lower or roughly the same scores compared with 2021. The main exception is “ensuring diversity among senior team members, leadership and the board of directors,” which rose by 5.2 points in 2022 over 2021 for large banks specifically.

“Overall, DEI matters more, and overall, banks are not doing as well as they did last year,” said Klingemann.

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