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MeridianBank

A New Banking Model

Meridian Bank chairman and CEO Chris Annas explains why his institution is the obvious choice for Philadelphia's small-business owners

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ENHANCING THE QUALITY OF LIFE IN CENTER CITY

A New BANKING MODEL

Efficient technology and high-touch service help Meridian Bank's customers prosper, while seizing opportunities helps it grow. *by* BILL DONAHUE

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HE YEAR 2012 BROUGHT record earnings for Chester County-based Meridian Bank. This followed on the heels of 2011, also a record year for profitability.

"I hope," says Meridian Bank chairman and CEO Chris Annas, "that this good financial news for us is interpreted properly. What it really means is that we have been able to serve our banking customers well and that they have been prospering, despite all the doom and gloom."

Annas attributes Meridian's success to its being run like a business instead of an institution. "By having a P&L focus rather than a balance sheet obsession, we're able to operate like our business banking customers," Annas says. "That makes us more understanding of their needs. We don't own a lot of bricks and mortar, preferring to bring our high-touch, personal service to them and provide the technology to make their banking easy. That's been our philosophy since our inception in 2004—to be unencumbered by the legacy banking systems and thinking, which have constrained the traditional banking industry."

➤ Karen DiVincenzo, vice president, business development officer, and Charles Kochka, senior vice president, commercial lending, are shown in Meridian's West Chester banking office, which also provides a home for the Art Trust Gallery.



Business First

Annas, a Penn State graduate with an MBA from Villanova, got his start in Philadelphia banking in 1979 and has been a fixture ever since. In 2003, with an eye toward starting a bank with a revolutionary business model, he singlehandedly undertook the complex process of organizing the approvals and raising the capital to make that dream a reality.

With his background in business lending, Meridian's early growth was dominated by commercial lending, something it continued to emphasize right through the recession years. "With the 2008 to 2011 debacle, we held up in a good way; our business model survived," Annas says. "We didn't have the big loan problems that some other banks had. One of the comments I made to the board when we first came out was, 'We have to lend to the right people, but it's more important not to lend to the wrong people.' One of our lending officers might handle \$35 million to \$40 million in loans in 20 different industries, so we have to be smart about learning the industry and the particular business. That broad-based experience has helped us maintain the quality of our loan portfolio and keep it growing by being valued advisors to our business banking customers."

People Centric

Annas likes to say that Meridian is "people centric, not location centric." Because it isn't built on the traditional model of establishing a

branch and then selling its services outward from that location, it has found another way to grow. “We attract great bankers who bring us great customers,” he says. “The extended round of merger activity in Delaware Valley banking has caused many of the smaller banks long relied upon by retail and small-business customers to go by the wayside. As a result, a number of the area’s best bankers, dissatisfied with the way the ‘mega-banks’ have burdened their customers with exorbitant fees and protracted decision-making processes, have found a home at Meridian. We give them the tools and the flexibility they need to continue to bring great service to their customers.”

With bright new people come great new opportunities for growth. Meridian’s people-centric model has adapted itself well to successful expansion into other financial services niches. In addition to its broad commercial lending portfolio and a range of FDIC-insured deposit accounts, credit products and services, the bank’s specialties include commercial and consumer real-estate financing, investment and wealth-management services, electronic payments processing and, most recently, residential mortgage lending.

“This was an opportunity that essentially fell into our lap,” says Annas. “When a prominent area bank was rescued by a large out-of-state bank, the resulting reorganization caused their residential mortgage lending team to flee en masse. We had the organizational flexibility and courage to give them a home and take Meridian into an entirely new line of business,

almost overnight. In just two years this move has doubled the number of people we employ, greatly expanded the physical area we serve and provided substantial profitability.

“The lesson for us,” he continues, “is not to try to be all things financial to all people, but to seize the chance to concentrate on things that we can do exceedingly well for our customers.”

Real Service Means Quick Response

For Annas, the type of high-touch service Meridian prides itself on begins with strong communication between the bank and its customers—whether current or prospective. It could be something as simple as returning calls promptly, keeping in touch with customers via smartphones or responding quickly to loan requests.

“Somebody might come to us for a loan and say, ‘Here’s all my in-



formation, so when can I know if I qualify?” Annas says. “A quick no is better than a six-week maybe, because the prospective borrower needs to know if he can do it at our bank or needs to move on. If we can’t find a way to work together, we always try to give him additional information that will be of some use. Maybe we can say, ‘Here’s an alternative’ or ‘Here’s someone else who can help you.’”

↑ Community support is a major part of community banking. Meridian has made a sizable commitment to such support, providing contributions and supporting events and activities for dozens of organizations across its service area.

← Meridian’s Residential Mortgage unit provides quick decisions on mortgages for new home purchases, second homes, refinancing and even reverse mortgages. Offices are located throughout the Delaware Valley.

Technology is the New Banking

An early adopter of check-scanning technology, Meridian provides USB-enabled check scanners to customers so they can use nothing more than an image of the check to clear deposits, further simplifying life for the business owner. Although some banks appear to be threatened by such technology—because they know it might take away chances to sell business owners on additional services—Meridian

considers such service enhancements the true opportunity.

“We love technology,” Annas says. “We give customers the ability to transfer money 24-7 through any device they prefer, and with products like Positive Pay, we enable a small-business owner to see a listing of checks she’s cut, compared to checks that are clearing, to make sure there’s no fraud or theft.”

The Internet and the ubiquity of mobile devices have allowed visits to bank branches to become the exception rather than the rule. As such, Meridian sees its minimalist approach to physical locations as a decided advantage.

“Customers are welcome to visit any of our banking offices, of course,” Annas says. “But, basically, once we sign somebody up we say, ‘Welcome aboard, and now you don’t need to come back [to a branch].’ ... At the end of the day, the adoption of technology gives our customers more time to spend on their businesses and lives and less time they have to spend with us. And if it’s better for them, it’s better for us.” ■

→ Meridian Bank

Corporate Headquarters 92 E. Lancaster Ave. | Devon PA 19333
Phone: 484-568-5000 | Web: www.meridianbanker.com

