

BANKING NEW YORK

BANK PROFILE

Signature Bank: Growth by Word-of-Mouth

By Kay Metcalfe

Most banks acquire other companies to grow. Signature Bank acquires people.

The New York City institution is just seven years old and in that time, has created a business model unique for the industry.

With a strong focus on serving privately owned business clients, CEO and President Joseph J. DePaolo believes Signature has found its niche.

“We compete in the largest capital and banking market in the country,” DePaolo said, explaining the need for a different approach.

“Before Signature was born, we understood that a client is a client of the banker and that’s a very personal relationship,” he said. “The mega banks are very institutionalized.”

The bank competes in the aggressive New York metropolitan market through its single-point-of-contact motto and by attracting the services of veteran bankers who have decades of experience.

“We go out and we hire very experienced people,” DePaolo said. “We don’t grow by acquisition, but by going out and hiring people from the institutionalized megabanks ... we create a platform where the bankers report directly to upper management. There is no middle management and they don’t have to deal with all the red tape of larger institutions.”

The bank currently has \$5.82 billion in assets, \$4.59 billion in deposits, \$2.2 billion in loans, \$433 million in equity capital and \$3.66 billion in other assets under management. The bank ranks among the top 3 percent of commercial banks in the country, based on assets according to the FDIC Market Share Report.

Signature focuses on hiring, supporting and integrating new private client banking teams.

“We are a banking firm,” said DePaolo. “It’s not easy to grow without acquisitions, but we’re doing it.”

The bank offers a wide range of business and personal banking products and services as well as investment, brokerage, wealth management and insurance products and services through its subsidiary. The bank and Signature Securities provide full services under one roof.

“We have a single-point-of-contact model,” DePaolo explained. “It means that a client can call their group with any request or issue they may have, and it will be dealt with directly. Their team is their advocate.”

There are 54 private client banking teams headed by 72 group directors working at



Signature Bank's office at 950 Third Avenue, New York City

Signature now. The bank's typical “group director” joins the firm with at least 20 years of experience in the industry and will serve as the single point of contact for the clients.

“Our universal bench mark for the bank is in the teams we add,” he noted.

The business model for Signature Bank was thought up long ago.

In 1999, DePaolo worked for Republic National Bank of New York. In May of that year, DePaolo learned that HSBC was taking over the firm. He started to put together a business plan.

Along with vice chairman John Tamberlane, the two felt that HSBC was just “not a good fit” for their clients. HSBC wanted to institutionalize the bank but DePaolo and Tamberlane believed in the importance of the personal relationship.

“We felt that there was an underserved market,” he said. “Privately owned businesses such as real estate companies, consulting and accounting firms [needed a new bank].”

DePaolo left HSBC in March 2000 and started the journey to put together a new bank. After receiving funding from the Bank Hapoalim of Israel, Signature opened May 1, 2001.

In March of 2004, Signature Bank went public. The bank is 100 percent publicly owned and traded on the NASDAQ.

Today, the bank has 21 offices located throughout the metropolitan area. There are seven offices in Manhattan, three in Brooklyn, two in Westchester, six on Long Island, two in

Queens and one in the Bronx.

As the consolidation of financial service companies, banks and brokerages continues, Signature Bank's competitors have shifted to focus on retail consumer banking clients, according to DePaolo. This shift in target market and product delivery has afforded the bank a competitive advantage and opportunity to focus on serving businesses and their senior management and offer better services than what is currently being provided by larger institutions amid acquisitions, mergers and changing structures.

Signature Bank doesn't compete in the mass market and doesn't deal with Fortune 500 companies, said DePaolo. There is no advertising done – no radio, no print and no TV – because clients are attracted by word-of-mouth, from referrals or from someone they know.

“Most of our offices – we don't call them branches – aren't located on the ground floor,” he said. “We don't need to be on the ground level because we are not there to attract mass markets. Our office on 46th and 5th Avenue is on the 12th floor. The Union Square office is on the 5th floor and White Plains on the 6th.” ▲

Kay Metcalfe is a staff writer for Banker & Tradesman, a Boston-based newspaper serving the financial industry in New England for 135 years.