



VIEW*S* & VISIONS

A publication of Bowles Rice LLP

Spring 2016



Change and Continuity: The Story of Virginia Banking

Bruce T. Whitehurst, President and CEO
Virginia Bankers Association

Following a 10-year career in retail and commercial banking with Jefferson National Bank (now Wells Fargo), Bruce T. Whitehurst joined the Virginia Bankers Association in 1993, its 100th anniversary year. He has served as president and chief executive officer of the association since 2007 and was previously executive vice president.

While at the VBA, Mr. Whitehurst has worked with member banks in a variety of areas including government relations, education and training, financial literacy, and partnering with banks in a number of innovative ways to help them enter new lines of business. He also speaks about, and on behalf of, the industry on a regular basis.

As a banking industry advocate, he is active at the national level. He served on the American Bankers Association's Regulatory Reform Task Force during the 2008-2009 financial crisis and served as an ABA board member and chairman of the Alliance of State Bankers Associations in 2012-2013. He currently serves on the ABA Community Bankers Council and is a past member of the ABA Government Relations Council.

Mr. Whitehurst received his bachelor of arts degree from the College of William & Mary, his masters of business administration from the University of Richmond and is a graduate of the Virginia Bankers School of Bank Management.

In January 2007, when I succeeded my long-time predecessor, Walter Ayers, as CEO of the Virginia Bankers Association, I wrote a column for our magazine on change and continuity. I talked about the significance of a leadership change after Walter's impactful 23-year tenure and I talked about the continuity of his protégé of 14 years succeeding him. I also talked about the changes occurring in Virginia banking and the continuity of a then 114-year-old VBA to advocate for and partner with our member banks.

Little did I – or anyone, for that matter – know in early 2007 what lay just around the corner for our industry, our economy and our nation. The Financial Crisis of 2008, the Great Recession that followed and the housing meltdown were seismic shocks from which we are still recovering. This period also had no small impact on Virginia



VIRGINIA BANKERS ASSOCIATION

banking. Industry consolidation had been the norm for more than two decades, along with fairly robust de novo activity that somewhat offset the drop in bank charters caused by mergers. Consolidation continues, but with no new banks in sight – just as in virtually all other states.

In 2007, we had 119 banks headquartered in Virginia, down from 179 in 1997. About one-third of Virginia banks in 2007 were 20 years old or younger; others were past their 100th anniversary. Fast forward to 2015, and we now have 95 Virginia chartered banks and no new banks have been established since 2009. We also have 35 banks operating in Virginia that are headquartered elsewhere; this includes some of the largest banks in the United States as well as community banks from neighboring states that have entered Virginia through acquisitions and/or branching.

Other major forces impacting Virginia banking include regulatory burden and changes in customer preferences on how they do their banking, driven by amazing technology innovations such as mobile banking and remote deposit. Many bankers and industry observers believe that the compliance burden, brought largely through the passage of Dodd-Frank in 2010, has been a catalyst for community bank merger activity, which makes sense: as the cost of doing business goes up, gaining scale and economies of scale becomes increasingly important.

In the area of technology, banks of all sizes are quickly adopting new, technology-based delivery

In the area of technology, banks of all sizes are quickly adopting new, technology-based delivery channels that more and more customers – well beyond the younger generation – are seeking.



channels that more and more customers – well beyond the younger generation – are seeking. The ongoing shift from branch visits to online and mobile banking is causing banks to reassess branching models as well. Many Virginia banks have begun building and/or converting branches to smaller footprints with a very different look and feel on the inside. Research shows that branches remain vital to an overall retail banking strategy and banks are adapting their branches to be places people go for financial guidance and specific financial needs, much more so than to cash a check or make a deposit.

All these changes in Virginia banking are quite clear and they will no doubt continue. After 30 years in this industry – first as a Virginia banker and now 23 years into my career at the VBA – it is also quite clear to me that there remains strong continuity in Virginia banking. Despite national media and some politicians' negative portrayals of banking, this remains the industry it has always been: one where good people want to help their customers' dreams come true. It is

an exciting time to be a part of this great industry that has shown the ability to balance change and continuity for many years. ♾