

Commercial banks hold line on payroll, staff retention

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Dennis Nason

Photo by J. Albert Diaz

Many banks in South Florida are expanding or upgrading their staffs amid a modest improvement in lending conditions.

"Practically every bank that I know is, in one fashion or another, replacing people or seeking to add people to their staff," said Dennis Nason, who runs the bank staffing agency Nason & Nason in Coral Gables.

A survey of 60 banks based in South Florida by the Daily Business Review shows that their combined employment grew 2 percent in the 12 months ended in September.

Data from the Federal Deposit Insurance Corp. show that full-time employment during the 12-month period increased at 30 of the banks, declined at 27 of them and was unchanged at three.

Total employment at the 60 banks headquartered in Miami-Dade, Broward and Palm Beach counties grew to 10,223 at the end of September from 10,013 a year earlier.

Overall employment in the financial services industry has been flat. The number of jobs at banks and other types of financial businesses in tri-county South Florida totaled 150,300 in October, down 0.7 percent from the same month last year, data from the federal Bureau of Labor Statistics show.

Controlling payroll is a top priority of banks because pay typically is their biggest non-interest expense. Banks commonly control their head count and compensation expense by adopting labor-saving technology such as online banking and automated teller machines. But "there are limitations to what you can do with automation," Nason said. Credit analysis requires a human touch, for example, and "I think every bank in town is looking for an experienced credit analyst."

An increase in credit extension may be encouraging more banks to hire. Commercial banks throughout the state of Florida recorded a 3 percent increase in their combined loans outstanding during the year ended Sept. 30. Data from the FDIC show that commercial banks statewide held \$69.6 billion of net loans and leases at the end of September, up from \$67.6 billion a year earlier.

Among the commercial banks that have been building loan volume and adding staff is Apollo Bank in Miami. The bank had 44 employees on Sept. 30, up from 39 a year earlier, and will hire more soon. Richard Dailey, president and chief executive officer of Apollo, said he plans to expand the bank's lending department to six employees from four by January. He intends to hire four more employees for the bank's new branch office in Coral Gables, scheduled to open in February.

"We've also created a new position on the loan administration side, and that person will be joining me next week," Dailey said. "We are picking up new loans. Our loan portfolio is growing ... We've been running pretty lean and now because of the increased activity, we have more accounts, and we need to bring these people on board."

Apollo also would need to hire more employees next year if it succeeds in opening its fourth branch office in northwest Miami-Dade County.

"We're also looking right now in Miami Lakes," Dailey said. "We'd like to see if we could get into Miami Lakes by the end of next year."

City National Bank of Florida also is planning to add staff as it expands its network of 26 branch offices. "We'll probably add another three branches in the next 12 to 18 months," said Jorge Gonzalez, president and CEO of the Miami-based bank.

City National had 433 employees at the end of September, one fewer than a year earlier. Gonzalez said the bank has been hiring largely to replace former employees who have departed since 2008, when Spain-based Caja Madrid acquired City National. Over the next year, he said, the bank's staff is likely to grow by 10 to 15 employees.

"We've probably hired north of 45 people over the last 2½ years, many of them to do residential real estate lending and small business lending, Gonzalez said. The new hires have offset staff attrition, mainly among former employees who "had spent 20, 30, 40 years here and they were just ready to move on."

Gonzalez said most new hires are focusing on "areas of the business that are going to generate growth and productivity." For example, City National has filled a newly created position for a service director who will help the

bank achieve measured success in service delivery. "A lot of times banks drink their own Kool-Aid when it comes to service ... I want to create accountability around that," he said.

Pacific National Bank in Miami had 76 employees at the end of September, down from 78 a year earlier, and the number may go lower. The bank's employment outlook is "flat to down," said Carlos Fernandez-Guzman, president and CEO of Pacific. The bank has backroom staff that handle information technology but soon will start buying IT services from a vendor instead.

"We are going to convert to an outsource model and pick up huge efficiencies, and in doing that, we will make adjustments to the backroom," Fernandez-Guzman said. At one point, "we did actually have a team of developers here, writing software for key areas of the bank ... That's not the [business] model you want to be in."

Pacific, which is operating under a consent order from the Office of the Comptroller of the Currency, also expects to reduce staff devoted to regulatory compliance "as we move toward full compliance with the consent order," Fernandez-Guzman said. "We've had to maintain a much higher number of staff in the compliance area than we'd need to under normal circumstances."