

# Which banks should worry the most with JP Morgan's presence in the Triangle?

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New York banking giant JP Morgan Chase is pushing forward with its 400-branch expansion strategy, a move that, according to papers filed with the Office of the Comptroller of the Currency, includes new locations in both Raleigh and Chapel Hill.

On an earnings call this week, CEO Jamie Dimon told analysts that the first 10 branches in its expansion markets – which include D.C., Boston and Philadelphia – are open. “And although it’s clearly early, perception in the market and the performance of the new branches has been strong,” Dimon says.

Marianne Lake, CFO, says that, “we’re the best in the industry in our expansion markets where we’ve been making the investments, where we’ve been adding specialized industry coverage.”

The bank has declined to answer specific questions about its plans for the Triangle, but documents filed with the OCC reveal its intentions for two local branches – at Raleigh’s Midtown East and Chapel Hill’s Carolina Square.

And history shows its plan is right in line with typical JP Morgan strategy.

**Lee Burrows, CEO of Bank Street Partners, says the retail-oriented bank picks “strategic, high-profile locations,” relying on heavy foot traffic in its lobbies.**

But even with strategically-placed branches, Lissa Broome, professor and director of UNC-Chapel Hill’s Center for Banking and Finance, calls JP Morgan’s plan an “interesting play.” It’s growing, she points out, as other big banks have been reducing their branch count in recent months.

“And building a new customer base from scratch is pretty hard to do,” she says.

**To succeed, JP Morgan will have to win business away from existing players, and Burrows says they won’t go quietly.**

**“Based on their target marketing, historically [JP Morgan] would be competing for business more with Bank of America and Wells Fargo and area credit unions rather than your traditional community banks,” he says.**

Big banks continue to be the largest market share holder in the Raleigh metropolitan statistical area, per FDIC numbers. As of June 30, Wells Fargo had nearly 26.6 percent of the Raleigh market, followed by BB&T at 15.3 percent and Bank of America at 12.5

That means the metro’s three largest banks make up more than 54 percent of the total market. And FDIC numbers show that, despite all the new entrants in recent years, their stakes have held steady. potentially creating a challenge for JP Morgan.

Market share of the top three banks in Raleigh combined:

- 2018: 54 percent
- 2017: 54 percent

- 2016: 52 percent
- 2015: 53 percent
- 2014: 55 percent

But their positions at the top aren't nearly as dominant in the Triangle as in some other major metropolitan areas. In Charlotte, for example, the largest two banks alone – Bank of America and Wells Fargo – make up nearly 90 percent of the metro's total deposits, according to FDIC data.

One Triangle banker who doesn't appear to be worried is Steve Jones, the man that, through the acquisition of Sound Bank, hopes to create Dogwood State Bank, a statewide financial institution headquartered in Raleigh later this year.

"I understand the attraction to the Triangle market and JP Morgan's desire to be here," he says. "I wouldn't expect a huge disruption in the market due to the number of high-quality banks with strong deposit market share."