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BUSINESS

New Bank to Focus on Clients Underserved by Bigger Institutions

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YONKERS

WHO would open a new bank in tough economic times like these?

Investors in the Westchester Bank, which opened its doors here on Central Park Avenue last month, **think the timing couldn't be better especially for a small community bank like theirs.**

The bank is focusing on small and medium-size businesses, many of which are getting a cold shoulder from bigger banks in these days of bank mergers and acquisitions and dwindling credit.

"It leaves a void in the marketplace when big banks only tackle the larger clients and can't be bothered by loans of \$1.5 million or less," said W. Thomas Clark, chairman of the board of the Westchester Bank and formerly an executive at Morgan Stanley. "So that's the niche we're filling."

The private start-up is only the fourth new bank in the county in 37 years.

Hudson Valley Bank, the largest independently owned commercial bank in Westchester, opened in 1972 and has become a far larger institution with branches in Rockland County, the Bronx, Manhattan, Queens and Fairfield County, Conn. The State Bank of Westchester opened in 1986, changed its name to Reliance Bank and was ultimately acquired by Union State Bank, which has since been acquired by Key Bank. USA Bank, a small community bank in Port Chester, opened two and a half years ago and has a branch in Rye Brook. The Westchester Bank and USA are the only community banks in the county.

Since the late 1980s, regulatory changes and increased competition, coupled with narrower profit margins, have left many community banks vulnerable to acquisition. In the wake of such mergers, start-up banks often flourish — a pattern that is being seen throughout the country, said George E. Dunkel, president and chief executive of the Westchester Bank, who was the founding president of the Community Bank of Sullivan County.

On Long Island, for example, several banks have opened in recent years after a spate of mergers, and more start-ups are on the drawing board. In Westchester, like Long Island, there are many

banking outlets, but they are branches of larger institutions, where, Mr. Dunkel said, personal service is in short supply.

“In our new building, my office will be on the ground floor so people can talk to me whenever they want,” he said.

The Westchester Bank, which operates out of a trailer now, is building a two-story, 8,000-square-foot headquarters on its property.

The idea for the bank was hatched about four years ago, with 150 investors raising \$3 million for its charter. “We were actually oversubscribed,” Mr. Clark said. “At a time when the financial services industry is taking it on the chin, it validated our belief that there’s a driving need for a bank like ours.”

But because many regional and small banks are staggering under a mounting volume of bad construction loans made to homebuilders, Mr. Dunkel said **the new bank “will not be involved in the housing cycle at all.”**

Instead, it will focus on businesses like doctors’ groups, which often need loans to pay their annual malpractice insurance premiums and maintain a cash flow, or small manufacturers ready to expand their quarters or buy new equipment.

One of the bank’s first loans was a \$1.3 million mortgage taken out by the owner of a packaging company who was renting space in a Yonkers warehouse and wanted to buy the building. “We know the businessman,” Mr. Dunkel said. “He’s well established, but larger banks just won’t make loans to someone like this.”

In Port Chester, Ronald J. Gentile, the president and chief executive officer of USA Bank, said that quick decisions on loans were especially important for smaller businesses.

“The bigger banks often keep them hanging on, saying the loan application has to go to this committee or that one,” Mr. Gentile said. “Our customers may not always get the answer they want from us, but they’ll get it promptly. In a community bank, the decision-making isn’t made by some underwriter sitting miles away who doesn’t even know you.”