

Fairport Savings Bank celebrates 130 years

By GINO FANELLI

Take a look around the nation and you'll find community banks—smaller, often independent entities—rapidly shrinking in number as large commercial entities scoop them up. It's a process that can be seen locally in the 2016 acquisition of First Niagara Bank by KeyBank. But in Fairport, one local bank stands tall after 130 years: Fairport Savings Bank.

Founded in 1888 as Fairport Permanent Loan Association, Fairport Savings Bank has grown quietly and steadily over the years. It's the modesty in size and the emphasis on traditional fiscal conservatism that sets the bank apart, says Dana Gavenda, chairman of the board and former president and CEO.

Fairport Savings Bank “survived the Great Depression, it survived the banking crisis, the thrift crisis of the '70s and '80s and it survived the crisis we just went through in 2008,” Gavenda said. “It's all because of what we have always delivered to our customers and to our employees, and that's a well-run, conservative bank that takes care of its people. There's not a day that, when I was here, that we didn't talk about who we are, what we are and our legacy.”

As a community bank, FSB has a record that can't be taken lightly in the face of frequent bank mergers and a growing emphasis on costly technology. From a national perspective, the greater use of cloud services and digital banking has led to closure of a substantial number of branches. According to a 2017 report by investment management firm JLL Inc., 7,700 of 97,000 branches nationwide have closed their doors since 2007.

“Today, community banks are under severe pressure because of the regulatory (climate) we're in,” Gavenda said.



Maroney

“A lot of that is because of things that are out of our control—the subprime loan crisis of '08 (or) the creation of the Consumer Financial Protection Bureau—it's all caused us to have to add expense to meet the regulatory environment, and that can be difficult for a small bank to do.”

As a result, mergers and acquisitions abound and, in turn, the sheer number of banks has dropped swiftly. In the fourth quarter of 2017, the Federal Deposit and Insurance Corp.,

or FDIC, counted 5,670 insured institutions nationwide and an additional 3,637 FDIC-supervised facilities. That may seem like a lot, but in the fourth quarter of 2007, before the financial crisis, there were 8,533 insured institutions and 5,133 supervised institutions. That's a decline of 34 and 29 percent over the past decade, respectively.

“We're just doing the right thing,” said president and CEO Kevin Ma-

ronney. “We're not putting on a lot of risky assets. We're just trying to grow the bank conservatively, and that's the philosophy we take with the board.”

That's especially important for a small bank with a focus on mortgage lending that survived the subprime lending crisis. Even today, it can be a tough marketplace, as Maroney explained.

“The last couple years, with the lack of inventory on the market, we've slowed down some,” Maroney said. “Normally, we'd have a slow first quarter” and see an increase in the second quarter. “But now we're starting to see a slowdown because of a lack of inventory in our market and markets across the company.”

As Fairport moves into a focus on commercial lending as well, the question arises of what is just the right approach. With a territory that stretches from the Rochester metro area to Cheektowaga, it's a matter of hedging your bets, looking before you leap and sticking to your values. FSB also has a good niche fill: the bank's commercial lending range is from \$250,000 to \$1 million, while most commercial bank

that we like to sleep at night and not think about how good our mortgage portfolio is.”

But good traditional banking can only get you so far in a world increasingly focused on the digital world. Products like Zelle, an instant transfer service used by Bank of America, Wells Fargo and JP Morgan, compete with third-party banking apps like Venmo. For small banks, you simply have to keep up the pace, and it can often be expensive.

“Just having branches, what's the right way to bring service into this environment?” Gavenda said. “It's going to be technology-driven delivery systems, not brick-and-mortar delivery systems. So we have to figure out how to make that transition, as a lot of banks are, but when so much of your investment is in your franchises, in your brick and mortar, it's hard for a small bank to walk away from that. So, when we look at how Fairport Savings Bank stays relevant in our community, it's looking at how do we make sure our customers ... have service delivered the way they want services delivered.”

It's a changing world, and keeping up is the name of the game. But 130 years down the road, Fairport Savings Bank is still kicking. It's survived all struggles that have been thrown at it, and now it faces the hurdle of the digital age. It can be a costly, taxing challenge, but if Maroney and Gavenda have any say, they will stay on top of it.

“Five years from now, ten years from now, we're going to be smarter, we're going to be a smarter Fairport Savings Bank,” Gavenda said. “We might look more like a commercial bank than we ever have in the past, but I think that's OK too.”

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lenders start around \$2 million.

“Back when other banks were making subprime loans that brought the banking industry to its knees, we never had a problem with any of our loans because we didn't make loans the way that the bigger banks were doing it and some of the other banks that decided they needed to keep up with the bigger banks,” Gavenda said. “We're a little bit boring in respect to the fact