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BANKING & FINANCIAL SERVICES

BANKING ON THE WEST

Why bank CEOs are eager to expand into Greater Fort Worth



By [Holden Wilen](#) – Staff Writer, Dallas Business Journal
May 16, 2024

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Craig Scheef needed to make a small but very important change when Texas Security Bank opened its first branch in Southlake last year.

Scheef, the bank's CEO and co-founder, had a cell phone number starting with "214" — the area code synonymous with Dallas.

"My business card has an '817' [area code] for my office, and if somebody calls that 817 number, it rolls to my cell phone," Scheef said.



Image: Dallas Business Journal

Craig Scheef — founder, chairman and CEO of Texas Security Bank — inside its first Tarrant County branch, which opened last year in Southlake.

CANDY SMITH FOR DALLAS BUSINESS JOURNAL

While that may seem unnecessary to some, Scheef knew something as simple as having the right area code could go a long way to ensuring the success of his Dallas-based bank as it made its first foray west into Tarrant County.

The bank, which had \$1.2 billion in assets at the end of December, previously only had three locations: in Dallas, Farmers Branch and Garland.

Scheef is well aware of the history of the rivalry between Dallas and Fort Worth. A baseball game between the two cities in the late 19th century reportedly ended in gunfire. The late Amon Carter, a prominent Fort Worth civic leader and newspaper publisher, famously had such disdain for Dallas that he would always bring a sack lunch when visiting, so he wouldn't have to spend any money in the city.

The rivalry is not as intense as it once was, but it very much persists. And as the economy of North Texas continues to boom with people and companies flocking to the region, the two distinct business scenes are blending together. That's opening new opportunities – and stoking the old competitive flames.

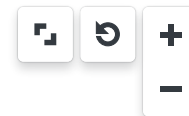
Texas Security is one of several banks from Dallas to turn its attention to Tarrant County in recent years, while national banks are also paying more attention to the Mid-Cities and Fort Worth.

To be sure, the idea of banks operating across the region is not new. National behemoths like Bank of America and JPMorgan Chase have branches on both sides of the Metroplex. Dallas-based Inwood National Bank has operated a downtown Fort Worth branch since 2013. And Texas Capital Bank has operated in Fort Worth since its launch in 1999 and opened a corporate office there in 2005.

But the trend appears to be picking up steam. In addition to Texas Security's Southlake branch, other recent moves in Tarrant County include:

- Texas Capital is relocating a branch from Richardson to Southlake with an opening scheduled for later this year. This will give the bank two locations in Tarrant County.
- Memphis-based First Horizon Bank recently opened a loan production office in Fort Worth near West Seventh Street and University Drive after previously only having offices at Preston Center in Dallas and off the Dallas North Tollway in Plano.
- Leawood, Kansas-based CrossFirst Bank last summer opened an office in downtown Fort Worth.
- Houston-based Amegy Bank is opening a full-service branch in Arlington this year. The bank, a subsidiary of Utah-based Zions Bancorp., already has an office at Sundance Square in Fort Worth.

Forays into Greater Fort Worth: Recent bank expansions in Tarrant County



Fort Worth Chamber of Commerce CEO Steve Montgomery said he was "more than happy" to see banks expanding westward and attributed the trend to the [growth Fort Worth has experienced](#).

"The banks are just following the market demand," he said. "Our economic landscape is having incredible growth across multiple sectors – technology, health care, manufacturing – and that I think is attracting the bank's interest. They're tapping into those opportunities. And so on one level, I think it's just indicative of the growth that we're having."

Bank deposits across Tarrant County almost doubled between June 2013 and June 2023, from \$29.8 billion to \$58.6 billion, according to Federal Deposit Insurance Corp. data. Since 2020, deposits have grown more than 11%, outpacing growth in Dallas County.

That increase in deposits has come as Fort Worth has grown to become the 13th-largest city in the U.S., with a mid-2022 population of nearly 957,000, according to the latest available Census Bureau data. Cowtown also ranked as the fastest-growing city in the country between 2021 and 2022. In addition to rapid residential development, the economy is being revved by major commercial real estate projects like construction of Texas A&M University's downtown campus and expansion of the Fort Worth Convention Center.

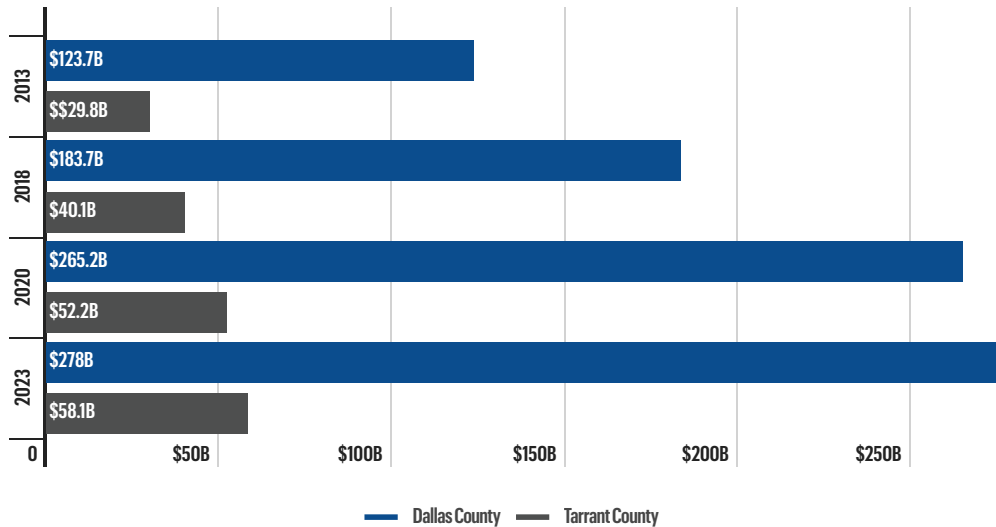
Yet Fort Worth, thanks in part to industry consolidation, is mostly a bank branch town, with no dominant local banks. Fort Worth National Bank, for example, became part of Bank One which was then acquired by JPMorgan Chase & Co.

JPMorgan Chase has the most deposits in Tarrant County, with more than \$14.9 billion at the end of last June, followed by Bank of America with \$7.7 billion and Wells Fargo with \$7 billion, according to FDIC data.

In fact, the largest bank by deposits headquartered in Tarrant County is Texas Exchange Bank. Based in the small city of Crowley, Texas Exchange had \$2.3 billion in deposits last summer, which ranked No. 20 in DFW. The largest based in Fort Worth is First Command Bank with \$966.5 million in deposits, good for No. 40.

Bank deposit growth

Bank deposits in Dallas and Tarrant counties have grown by billions of dollars as the North Texas economy has boomed. Deposits in Dallas grew 125% between June 30, 2013 and June 30, 2023. While Dallas has grown more in the long term, in recent years deposits have jumped sharply in Tarrant — with an 11% increase from 2020 to 2023.



SOURCE: FDIC

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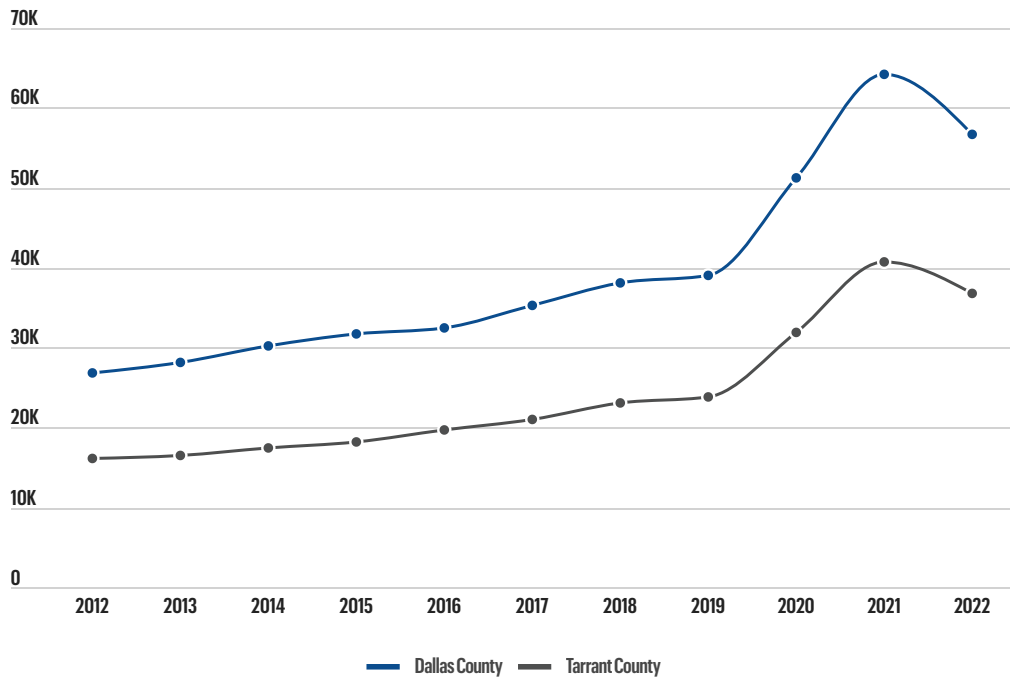
What's driving banks

Scheef pointed to business formations as one of the figures that stood out to him. Business formations in Tarrant County totaled 36,853 in 2022, up 129% from 10 years prior, according to data from the Census Bureau. Dallas County business formations totaled 56,699 in 2022, up 111% over the same period.

“It bodes well for what we do and what we focus on from a banking standpoint,” Scheef said. Texas Security primarily provides commercial banking services to middle-market companies.

New business formation

New business creation means more commercial customers for banks. Dallas and Tarrant counties have seen similar trends in recent years, with formations peaking during early pandemic years as many people decided to try something new or lost their jobs.



SOURCE: U.S. Census Bureau

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Brandon Bledsoe, Fort Worth region president for Amegy Bank, said Tarrant County has benefitted from net migration within Texas, while corporate relocations from outside the state have driven growth in Collin County and Dallas.

"I have found a lot of businesses and entrepreneurs have relocated from within the state from say Austin or Houston, and moved their families and businesses to Tarrant County," Bledsoe said. "Our brand within the state helps us with that because they came from other markets where we're already doing business. It's very common to find new businesses that are relocated here from within the state, but they're not going to get the headline news that maybe a big corporate relocation is gonna get."



Brandon Bledsoe, Fort Worth regional president, Amegy Bank

AMEGY BANK

Texas Security executives expect the Southlake branch to have more than \$500 million in assets by early 2026. They initially expected the branch to add about \$100 million last year, followed by about \$200 million in 2024 and 2025.

The branch reached \$139.1 million in deposits by June 30, 2023, according to FDIC data. While there is not a direct correlation with assets, deposits show the brand is already gaining traction. Scheef said he is happy with how the bank has been received by folks in Tarrant County and thinks the branch has met expectations.

Scheef said he is cognizant of the differences between Fort Worth and Dallas. He has noticed that much of the business development in Tarrant County "is conducted on a civic level."

"The average banker in Fort Worth is on all kinds of different boards ... and that's where a lot of business leaders network," Scheef said. "In my experience from being a banker for 35 years in Dallas County, it's a lot more direct calling."

Montgomery described Fort Worth as a "very relational town" while he said Dallas is "more transactional."

Similar to Texas Security, a desire to be "where customers are" drove Texas Capital's decision to open a location in Southlake, said Lee Harris, the bank's head of retail. The Mid-Cities branch also evens out Texas Capital's distribution between Dallas and its location in downtown Fort Worth.

"We want to be in the community and we want to be visible," Harris said.

Within Tarrant County, Southlake presents an attractive opportunity for banks in its own right. Southlake's 76092 ZIP code has topped Dallas Business Journal's list

of **highest-earning ZIPs** in DFW for several years, with at least \$250,000 in median household income.

"The fact that they decided to open here is a testament to the strength of our local economy and a reflection of our commitment to fostering a business-friendly environment," Southlake Mayor John Huffman said in a statement.

Welcoming competition

Greg Morse, CEO of Arlington-based Worthington Bank, said he welcomes the competition from other banks. Morse founded Worthington in 2001 with a name that's a portmanteau of "Fort Worth" and "Arlington."

"I have no problem with a good competitor," Morse said. "Good competitors are great."

Worthington has an advantage over newer players because of its longstanding relationships and knowledge about the companies operating around Tarrant County, Morse said. For example, he said one time a bank that had recently entered town asked him if Worthington would want to partner and participate in buying off a loan. Morse declined.

"I told him I'd have a hard time buying that [loan] because we charged that company off about 15 years ago," Morse said.



Greg Morse, CEO, Worthington Bank

WORTHINGTON BANK

Morse expressed confidence that he will be able to retain his best clients even as more banks make their way into the market.

"A good company has a good banking relationship. You might steal it over rate. I've lost some accounts over rates, but I always get them back because they move and the grass

isn't always greener on the other side," he said. "It's greener where you water it, and we keep our accounts watered."

Chamber leader Montgomery said having more banks adds to the stability of the economy. It also provides the region's plethora of fast-growing small and medium-sized businesses with more opportunities to tap much-needed capital.



Steve Montgomery, president and CEO, Fort Worth Chamber of Commerce

FORT WORTH CHAMBER

"If I'm a small business person, I've got options," Montgomery said. "I've got people, places I can go to get capital to grow my business in a very competitive environment. I just think it adds strength and resiliency to our local economy."

Montgomery and bank executives expect Tarrant County to continue growing. And as it does, banks intend to keep up with expansion.

"I'd be happy if we established ourselves enough in our first Tarrant County location to where two or three years from now, we've identified where our next location is going to be," Scheef said, pointing to areas closer to downtown Fort Worth.