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How this Texas community bank has been helping entrepreneurs through the pandemic

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Craig Scheef, founder and CEO at Texas Security Bank

By [Kevin Cummings](#) - NTX Inno Staff Writer

December 23, 2020, 01:38pm CST

As the founder and CEO of a bank, Craig Scheef sees his role as a financial services provider and a member of a community of entrepreneurs. And the pandemic has allowed him to use his position to help other business owners during the crisis.

Throughout the pandemic, Scheef has led [Texas Security Bank's](#) nearly 70-person team through changes and challenges, positioning the bank to help many businesses through financial lifelines like PPP and other educational programs to keep their doors open. And among the many lingering effects of the pandemic, Scheef sees changes for the banking industry.

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“Every day, we get a better line of sight of how severe [the pandemic is] going to impact our portfolio. Where we stand right now, our customers by and large are in pretty good shape,” Scheef told NTX Inno. “I hope we will take as much from the situation as we can and be smarter in our response in the future.”

Scheef opened Texas Security Bank in 2008 with \$26.5 million in capital to focus on owner-managed companies. Since then, it has grown to an \$850 million bank. When the bank first opened its doors, it was during the previous financial crisis. However, Scheef said that crisis was more like “a slow drip into a long recessionary time period,” this one was more abrupt and hit the businesses the bank serves harder.

“This is a bank that was started by entrepreneurs. I know what it’s like to start with a blank sheet of paper,” Scheef said.

He learned some things from them that have helped Texas Security Bank and its clients navigate this year.

When the pandemic first hit, the bank used technology tools to streamline its workflow, freeing nearly every employee to work on processing PPP loans. By now, Scheef said Texas Security Bank has loaned out between 350 to 400 percent of its capital, processing 940 PPP loans. And because the bank was able to get so many processed, he said nearly 50 percent of the loans went to businesses that were not previously customers.

According to PPP data released by the government, several local tech-related businesses are clients of the bank, including Razberri, Common Desk, Envy Gaming, SURVIVR and 5Q Cyber.

“When we saw this coming and we knew the shutdown was coming before we knew the PPP was coming, I had approached our board about some lifeline loan product. “It’s goodwill that will last a lifetime,” Scheef said. “I could tell that we would be deluged; that it wasn’t just going to be our customers.”

Scheef said he works to train Texas Security Bank’s employees to understand entrepreneurs’ needs and the industries they work in. And extending that to its clients, the bank offers a speakers series

on different business management and operations topics and other timely topics. It also offers a year-long academy that covers everything from financial fundamentals to forming an exit strategy. The speaker series and academy were moved to a virtual format during the pandemic, allowing it to reach hundreds of new listeners, Scheef said.

Texas Security Bank has also dedicated a portion of its website to educational content and community-created content related to navigating the pandemic.

“The goal is we really want business owners who’re confident about their business because that maximizes value. If they should ever have to go out and raise capital, they need to be confident and talk about their business, their industry, the measurables, the metrics they run their business with,” Scheef said.

While the pandemic has affected businesses and industries differently, Scheef said one of the main commonalities between businesses that fared well during the crisis was their ability to pivot to fill needs they previously didn’t and their ability to find savings through different cost structures. However, overall he said that based on his thoughts eight months ago, Texas Security Bank’s clients have done better than expected.

Scheef said Texas Security Bank is now looking to get many of the PPP loans it processed forgiven, and it is doing regular check-ins with businesses that are still struggling.

“Our mission statement is to elevate the champions of free enterprise... we know it improves the welfare of so many people,” Scheef said.

Like the 2008 financial crisis, Scheef sees the current one creating changes in the banking industry, largely with new technology. According to the World Bank Group, the fintech market has been [rapidly growing](#) during the pandemic, something seen locally with massive funding rounds for fintech companies like Alkami’s \$140

million September [funding round](#). Scheef expects that trend to continue as younger people take over leadership positions at banks and utilize those technologies.

“The banks that can figure out where communities and needs are being underserved and are always on the lookout, and the ones that can adapt are the ones that are going to survive,” Scheef said.

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