

Banking & Financial Services

Why more Albany banks are building out wealth management teams

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Jesse Tomczak is chief banking officer of Pioneer.
PIONEER

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Jan 31, 2023

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Pioneer wants to grow its wealth management division to \$1 billion in assets under management in the next few years.

As of January, the Colonie-based bank and financial institution had \$770 million in assets under management. That's more than twice what the organization managed in 2018 and about 25 times more than in 2015, when its assets under management were roughly \$30 million.

[Jesse Tomczak](#), Pioneer's chief banking officer, said that growth is expected to continue in an effort to diversify Pioneer's income streams.

"You have your traditional bank model, which is very much interest rate driven. So it's all about margin. It's very dependent, as we've seen over the last handful of years, on interest rates. So that income can swing wildly," Tomczak said. "When you have fee-income businesses, it's much more predictable, much more stable."

Pioneer's wealth management growth has been driven by a mix of acquisitions and bringing on teams from other firms with large books of business. For example, Scott Solomon's team [left Halliday Financial for Pioneer](#) in December 2021 after considering several offers. He's now a senior wealth adviser with Pioneer Wealth Management. Solomon brought a book of about \$128 million to Pioneer.

Pioneer is looking at other partnerships or acquisitions to grow the business.

The push is part of Pioneer's [goal to be viewed as more than a bank](#). The financial institution is one of the largest in the region, with 22 offices and over \$1.8 billion in assets. But the competition to grow for all community banks has gotten more difficult amid consolidation in the industry, technology changes and low interest rate environments.

More community banks are making these investments into wealth management, insurance and other services as it becomes harder to make significant revenues from commercial and residential loans, even in the now higher interest rate environment. Building out wealth management and other divisions creates new non-interest reoccurring revenue streams for banks.

The trend has been playing out for years in the Albany region.

Both Glens Falls National Bank and Trustco have built wealth management divisions within the banks that have over \$1 billion in assets under management. And Adirondack Trust Co.'s wealth management business had just under \$900 million in assets as of 2021.

Pioneer has pursued these diversified income streams [by prioritizing acquisitions](#) and investments into areas like wealth management, insurance and benefits consulting. Through its subsidiary, Pioneer Financial Services Inc., it has acquired three smaller wealth management practices since Dec. 2021, according to public documents.

Pioneer's non-interest income increased by \$603,000, about 8.4%, to \$7.8 million for the second half of 2022 compared to the same time in 2021. That growth was mostly due to an increase in insurance and wealth management services revenue of \$359,000, as well bank-owned life insurance income of \$411,000.

Tomczak said building out the wealth management division will help increase that reoccurring revenue, as well as offer more of what customers need.

"We want to make sure that whatever [the customer's] financial needs are, I absolutely have the right professionals that can commit to making [them] successful," Tomczak said. "We deal with people's money all day, every day. We naturally have conversations around, 'What are you saving for? What are your goals? What are your aspirations?' And making sure that we have the best people to help advise them in that."

THE LIST

Largest Financial Planning & Wealth Management Firms in the Albany area

Ranked by 2021 year-end assets under local management

Rank	Business Name	2021 Year-End Assets Under Local Management
1	Goldman Sachs Personal Financial Management Group	\$31.82 billion
2	Merrill	\$17.43 billion
3	Equitable Advisors	\$12.41 billion

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