

Banking & Financial Services

Pioneer sets sights on expansion with latest move

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Pioneer's headquarters in Colonie.

DONNA ABBOTT-VLAHOS

By Luke Nathan – Reporter, Albany Business Review
Jan 3, 2024[Listen to this article](#) 4 min

Pioneer is seeking a charter change that its executives say would open up expansion opportunities and simplify the bank's regulatory obligations.

The wholly owned subsidiary of Pioneer Bancorp (NASDAQ: PBFS) applied last month to the federal Office of the Comptroller of the Currency to change from a New York-chartered savings bank to a nationally chartered bank, [according to a regulatory filing](#).

As a state-chartered bank, Pioneer is regulated by both the New York State Department of Financial Services and the Federal Deposit Insurance Corporation. If its request to become a nationally chartered bank is approved, Pioneer would be regulated by only the OCC, an independent bureau of the U.S. Department of the Treasury.

"We believe that there may be opportunities down the road to expand outside of New York state," CEO Thomas Amell said in an interview this week. "In order to do that, we really need a national charter."

That growth could come in the form of new branches or an expansion of the company's wealth management or insurance services, according to Kelli Arnold, the bank's executive vice president and chief strategy and innovations officer.

"We've really started to expand our thinking in terms of, could we expand our branch footprint to contiguous states?" Amell said.

"It's not that there's anything on the docket today, but we would hate to have an opportunity come our way and not be prepared for it," Arnold added.

The prospect of answering only to one regulator, rather than two, is also part of the conversion's appeal.

"It becomes more efficient for us," Amell said. "There's no disconnect between two regulators."



Tom Amell is the CEO of Pioneer.

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The bank will incur administrative costs related to the OCC application process, but Amell said he believes the change eventually would result in net savings. As a nationally chartered bank, Pioneer would only have to pay assessment fees to one regulator, he said.

The conversion would also help the bank to realize internal efficiencies, Amell said.

New York-chartered banks are not allowed to accept municipal deposits, the CEO explained. The restriction years ago led Pioneer to establish a special-purpose commercial bank that now contains more than \$400 million in deposits from school districts, libraries and other public entities.

With a national charter, Pioneer could fold the special-purpose bank into its savings bank, Amell said. The consolidation would streamline tax-return filing and other reporting, he added.

OCC's review of Pioneer's application will likely include an on-site examination of the bank, said Amell, adding that the process will be similar to what the bank undergoes annually with its current regulators.

"We're very optimistic that they'll accept our application," said Amell. "From a timeframe standpoint, I've just been told, it's probably a six-month transition process."

An OCC spokesperson confirmed that the bureau has received Pioneer's application.

Pioneer has 22 branches and about 280 employees. It has \$1.59 billion in Capital Region deposits, [according to The List](#).

Amell said the bank has been thinking about the potential change for years but now the timing is right.

"Our liquidity is very strong, our capital is very strong [and] our credit quality is very strong," the CEO said. "We're really, really in a position to play offense."

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