

The Columbus Dispatch

Nationwide to exit retail banking business; 240 workers to be affected

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Nationwide is getting out of the retail banking business.

The insurer said Monday that it has decided to move away from operating as a full-service, federally chartered retail bank — the kind of place where people cash checks, sign up for CDs and the like. Instead, it plans to focus its bank-related services on those that support its retirement-plan business.

“After careful review, we’ve determined that a significant additional investment would be required to gain relevance and be competitive in retail banking,” the company said.

“The best approach for Nationwide and for our members is to focus our resources on positioning property -and-casualty, financial services and emerging businesses for growth. We are evaluating all options to complete this transition that best serve our retail-bank deposit and loan customers.”

Nationwide will keep the financial operations that are used to support the 18,500 401(k) retirement plans it manages.

The move affects 240 workers. Nationwide said it is too early to say what will happen to them, but in other instances, Nationwide has worked to find other jobs for those workers. The insurer has 800 job openings, 400 of them in Columbus.

Nationwide said the goal is to transfer the bank’s retail deposits to another institution. It has hired an investment banker to help with the transfer of deposits and loans. Nationwide said it will take several months to determine the options for the bank, which Nationwide started in 2006. Until then, current customer relationships, including deposits and loans, will remain in place. “We’re continuing to operate this bank. Nothing will change with our customers,” said Andrew Walker, the bank’s president.

The bank serves a combination of Nationwide employees, policyholders and the public. It also has been used to distribute money from life-insurance claims and to hand out debit cards to policyholders who have been victims of catastrophes.

Even though the bank has only two offices — at Nationwide’s corporate offices Downtown and at Grandview Yard — it is the fifth-largest in central Ohio in terms of total deposits. The bank had \$5.1 billion as of June 30, according to the most recent Federal Deposit Insurance Corp. data. That works out to 7 percent market share in the region. The bank serves 240,000 households and services about 20,000 auto loans and 22,000 mortgages.

For many customers, the bank is a source of certificates of deposit or a money market account, but the bank has found it harder to attract customers for core banking products, such as checking accounts, said Mark Thresher, Nationwide’s chief financial officer.

Nationwide would need to invest more in its banking and online operations to attract additional customers, and that isn’t high on Nationwide’s list of priorities, Thresher said. “Every day, we make decisions to invest in financial services,” he said. “This wasn’t at the top.”

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