



Relationship-Oriented

**An Interview with Stephen D. Steinour,
Chairman, President, and Chief Executive Officer, Huntington Bancshares Incorporated**

EDITORS' NOTE Prior to joining Huntington, Stephen Steinour was Managing Partner of CrossHarbor Capital. Previously, Steinour was President and Chief Executive Officer of Citizens Financial Group (CFG). Before joining CFG in 1992, he was Division Executive for Fleet Financial Group after having been Executive Vice President at Bank of New England. Following his graduation from Gettysburg College in 1980 with a degree in economics, Steinour was an analyst for the U.S. Treasury Department and subsequently worked for the FDIC. He is a graduate of The Executive Program at Stanford University Graduate School of Business.



Stephen D. Steinour

COMPANY BRIEF Huntington Bancshares Incorporated (*Huntington.com*) is a \$64-billion regional bank holding company headquartered in Columbus, Ohio. Huntington Bank and its affiliates provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, equipment leasing, investment management, trust services, brokerage services, insurance, and other financial products and services.

What is the heritage of Huntington Bancshares and how has the company evolved?

There is a family lineage in this company's name that goes back to a governor from the state of Connecticut who was a signer of the Declaration of Independence.

His next generation was a governor of the northwestern territories from Ohio through the state of Washington. This was before Lewis and Clark, and the westward expansion and annexations that occurred with different statehoods.

During the War of 1812, there was a Huntington on Lake Erie defending what we now know as Cleveland.

Two brothers went off to war to fight for the union – one didn't make it through Chickamauga, the Battle of Bull Run; the other returned and founded the bank in 1866.

This is a very unique family history that spans virtually the history of the U.S. I'm the 10th CEO – the first four were Huntingtons. So we have relationships that are nearly 150 years old.

The Huntingtons were very benevolent. They were very good to the community and very oriented towards helping Columbus and the equivalent of what would be not-for-profits today. This tradition continues today. For the past dozen years, we have been the largest Meals-on-Wheels lunchtime corporate deliverer.

The development of this unique community leadership and involvement can all be traced back to the Huntington family.

Has it been important to maintain the heritage even as the company has evolved?

It's very important that we maintain our heritage in a number of respects: first, there are extraordinarily deep, multigenerational ties to community groups and organizations that do wonderful work in Columbus and throughout the state.

Second, we have many loyal multigenerational business relationships that are deep and rich. They are a foundation for our growth.

Being in the Midwest, there is an appreciation for a company's ethos of giving back to the community – community leadership, community involvement – and that is also good for business.

We have a fairly simple business model, which is relationship-oriented at its roots. These values are very important to us and to our success.

Over the past five and a half years that I have been here, we have tried to build on those values, express them differently, and encourage participation. We have created one group-wide event that we do every year, which is a bike ride to raise money for cancer research.

When I joined the company, we had about 52 riders and we raised about \$50,000. For the 2014 ride, we will raise somewhere between \$2.8 million and \$3 million. This year, we also had about 1,300 riders, 850 volunteers, and another 500 virtual riders.

This event has helped us extend and magnify the values that were resonant in the bank literally from its founding nearly 150 years ago.

How challenging is differentiation today and how do you show a customer what makes an individual brand unique?

It starts with the awareness of consumer branding and trying to drive that brand in ways that are relevant to the consumer. Consumer interests change over time, so there needs to be a constant effort in this regard.

Huntington has been recognized three times by J.D. Power over the past few years for our customer service.

We have created a distinguished checking account that I think is the best one on the planet. It has been award-winning since we launched it. It has no strings or minimums and no fine print. It also comes with a feature called 24-Hour Grace where, if our customers overdraw their checking accounts, we send them an alert via e-mail or mobile. If they make a deposit the next day to cover the overdraft, there is no charge.

Through the engaged colleagues we have and the service they provide, we offer distinctiveness. We have invested in the physical dimensions of our brand. We have invested in our products and have distinguished them.

In 2009/2010, when banks weren't lending, we became one of the top 10 SBA lenders in the country. Through the first nine months of this year, we were the number-one lender nationally for a number of loans. There are several things we do well so we keep focusing on the core and trying to improve. In doing so, we differentiate ourselves.

How critical is the technology today and do you worry that it will take away from the personal part of the business?

Customer expectations are changing. They want access, and to be able to make the transfers and adjustments to their accounts on their schedule and at their convenience. As a result, we have to be competitive with our digital offerings.

We were the second bank in the country to implement something called Quick Balance – you just log on with your phone and your balance pops up. Some people live paycheck to paycheck. Quick Balance is a very helpful feature to them. We have hundreds of thousands of customers using it to help manage their money.

We continue to push ourselves to try to find new ways to add value and distinguish ourselves. We believe this is good business for our core, which is consumer and small- to medium-size businesses.

Will branches continue to be a part of your business?

Yes, but they will be different and will certainly change from their traditional use. You will see a lot more deposit activity flowing through digital channels and you will see money transfers take different shapes than they do today. However, some people will want personal service for more complicated issues or products. With something like a mortgage, there are so many compliance matters to it that you end up with 60 forms that have to be signed or checked. So although mortgages can be done over a digital domain, for many people – especially first-time home buyers – having a personal touch involved in the delivery of that mortgage is preferred.

Our objective is to meet the consumer in the fashion that he or she chooses and deliver products and services in that fashion. There will be a continuing need and desire for human interaction.

Digital will not replace human interaction. Perhaps we will have to change some of our skill sets and adjust our training to bring our colleagues along with different talents and capabilities, but technology will not replace the branch.

Recognizing that the role of the branch is changing, in 2009, we started working on how we can position ourselves for that change in a physical context. We chose to go with a few different approaches, one of which is an in-store banking approach.

The average household has someone in an in-store environment shopping for food more than twice a week. Creating in-store branches as sales and service convenience locations that are available seven days a week during extended hours have proven to be very active physical channels, despite the inroads of digital.

How critical is it from a workforce point of view to mirror the diversity of your client base?

We have been very active over the past five years in our efforts to define inclusion, and translating that into our products, our recruitment, our colleagues, and our approach to development.

We have been very active in engaging with our colleagues in multiple ways – one is with Business Resources Groups, which speak to the needs of different groups of colleagues in the bank. We have been much more cognizant of how we're viewed externally. As a result, we're trying to get ourselves in a position where we're

broadly seen by various ethnic, religious, and other groups, including LGBT, as being a bank to do business with.

There is an internal and external dimension to this. Internally, there is a great deal of focus and conversation about things we could do differently and better. As a result, we significantly changed our benefits menu and have also provided awareness training, among other things. But most importantly, the management and executive teams are fully aligned with this effort.

Externally, for example, there are annual Pride parades in Columbus and a number of our other markets. I walk in the Columbus parade every year, as do a number of the other executives, to show our alliance and support.

There are different ways of expressing

Just recently, we took our board to Carnegie Mellon University to look at their integrated innovation lab. This is one example of our efforts to do outreach.

Additionally, our interaction with these young people has proven to be adventuresome and significant from a product perspective. The Quick Balance idea actually came from some of the interns and college-age students we had with us who asked us to provide them with a quick way to help manage their money.

What are some of the advantages Ohio offers to businesses?

Ohio is enormously business-friendly, and I give the governor a lot of credit for what he has done. He created a budget surplus the first year he was in office, and followed up with nearly a billion surplus or more every year he has been in office.

The state had a business development organization that was not where it needed to be in order to be competitive – he spun it out into the private sector. Because it's now run like a private business, it's much more effective and efficient.

We are typically now one of the top five or top 10 states to consider for doing business. The state has done a remarkable job encouraging expansion and at the same time, has had nearly an unblemished record when it comes to retention.

We are a state that has gotten through this difficult economic cycle in very good shape. There has been a lot of job creation and activity.

We're number six among the states in terms of exports and we're number one in terms of overall education. We have a massive set of state university systems anchored by a university in Columbus, which is very large. There are a series of state-sponsored schools that have 20,000 students outside of the OSU complex. There are also a lot of private colleges.

We have deep medical capabilities. We have two of the top five children's hospitals in the U.S. here; we have the Cleveland Clinic, which has a global reputation for excellence.

We have one of the very unique cancer centers in the U.S., The James, which is part of the OSU Comprehensive Cancer Center. They have an integrated ability to do research, academic training, and clinical care. Honda is here and they are doing remarkably well. There are nearly 1,000 foreign-owned businesses doing business in Ohio. There are a huge cluster of Japanese companies as a result of Honda being here. There is no shortage of examples on why Ohio is a first-rate choice for business. ●

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ourselves externally and internally, and we will continue to seek out ways to show that we are open for all.

When it comes to recruiting, do young people still appreciate the opportunities available in the banking industry?

It's a challenge for the industry as a whole to communicate so each of us approaches it differently. We run about 70 internships a year over the summer as a way to reach out to our college and university network. Through this, we expose ourselves to possible new hires.

We also do projects with universities and recently finished one on sovereign wealth funds at The Ohio State University.

We do many training rides in preparation for our annual bike ride event jointly with OSU. I can find myself sitting with a post-doctorate specialist in cancer trying to understand what it is that he does. Likewise, I'm probably speaking a foreign language when I get into finance. But these different interactions are hugely powerful and encouraging.

We're still learning and searching for ways to do more. We support certain student activities and we encourage our colleagues to go on site.