

BofA Targets New Jersey for Closings in Retreat: BGOV Barometer

By Maryellen Tighe

Oct. 14 (Bloomberg) -- Bank of America Corp., the lender shuttering 750 branches, targeted New Jersey and Michigan for closings as it decreased its U.S. office count by more than 300 in the two years ended June 30.

The BGOV Barometer shows the count in New Jersey dropped by 42 in 24 months to 351 at the end of June, according to Federal Deposit Insurance Corp. data. Michigan's total fell by 37, or 14 percent, to 221.

Chief Executive Officer Brian T. Moynihan is cutting 30,000 jobs and shutting branches as new consumer-protection rules limit fee revenue and U.S.-owned mortgage investors Fannie Mae and Freddie Mac increase demands for repayment for losses on the bank's loans. Bank of America targets offices where there is less customer activity or where it has other branches nearby, said Don Vecchiarello, spokesman for the lender.

"The primary driver behind the decisions that affect our banking centers or ATMs is consumer demand," Vecchiarello said, referring to automated teller machines. "There may be times when we have multiple banking centers close together and one could serve the demand."

New Jersey has the highest population per square mile in the U.S., and Michigan's unemployment rate was 11.2 percent in August, compared with the national average of 9.1 percent.

Branch closings may frustrate consumers, said U.S. Representative Brad Miller, the North Carolina Democrat who introduced a bill designed to make it easier for people to switch banks.

'Ample Evidence'

"There's ample evidence that a lot of Bank of America's problems, particularly in their mortgage servicing, has been in not providing sufficient services," said Miller. "Cuts like this will make it worse still. It was not the work of those 30,000 or 40,000 people who got them in trouble."

The Massachusetts branch count declined by 31 in the two-year period and the reduction was 30 in California and 18 in both Georgia and Pennsylvania. The bank had about 5,850 branches of June 30, according to the FDIC.

Moynihan, 52, who has also been criticized by lawmakers for the company's plan to charge consumers \$5 a month for debit cards, said at an Oct. 5 event in Washington that "the ability to be profitable has changed" with increased regulation.

"What we're trying to respond to is, how do we rebuild the profitability, because of the need to return to shareholders, and provide all these great services for our customers," he said.

He said Aug. 10 that the company had cut 63 "less productive" branches in the second quarter as part of a plan to eliminate 750 "over the next few years."

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