

# The hidden insight when you unwind market share

Market share – by metropolitan statistical area (MSA), state, and for the large banks, nationally – is the current standard to quickly compare relative performance across banks.

## But does having higher market share always mean a bank is the stronger performer?

Market share alone doesn't tell the whole story and can give misleading signals. Market share is a function of both:

1. **Market Coverage:** the portion of a market (e.g. of an MSA) reached by a bank's branch network; and
2. **Footprint Share:** Share in the portion of the market where the bank has coverage

$$\text{Market Share} = \text{Market Coverage} \times \text{Footprint Share}$$

Unwinding market share into these component parts provides a clearer understanding of what drives a bank's market share and better insight on relative performance. It answers the questions:

- Is lower market share just a function of narrower participation?
- Who does best on share when we normalize for footprint?

In the New York MSA, Signature Bank and HSBC appear very similar at first glance. They are the #7 and #8 bank respectively, with equal deposits and market share (3%). Unwinding market share, we see that while HSBC branches have coverage across 45% of the MSA, Signature achieves their 3% market share with only 17% coverage, but an impressively high share in the subset of local markets where they participate (16% footprint share).

New York MSA	
Total Deposits (\$B)	753
Banks	176
Branches	5,039
Local Markets (zip codes)	761

Share of deposits in the MSA overall

% of MSA's deposits reached by a bank's branch network

Share of deposits in portion of MSA where a bank has a branch

Top 20 Banks (~80% of market)	2019 Bank Local Market Deposits \$B	Market Share %	Market Coverage %	Footprint Share %
JPMorgan Chase	162	21%	88%	24%
Citi	74	10%	53%	19%
TD	65	9%	72%	12%
Bank of America	64	8%	71%	12%
Wells Fargo	36	5%	50%	10%
Capital One	33	4%	49%	9%
Signature Bank	20	3%	17%	16%
HSBC	19	3%	45%	6%
Santander	18	2%	39%	6%
PNC	17	2%	25%	9%
New York Community	16	2%	28%	8%
Valley National	16	2%	37%	6%
Sterling	14	2%	18%	10%
Investors Bancorp	13	2%	24%	7%
Apple Financial	12	2%	22%	7%
M&T Bank	11	1%	29%	5%
Provident	7	1%	10%	8%
People's United	6	1%	13%	6%
Lakeland	5	1%	6%	11%
Dime Community	4	1%	7%	8%

Based on 2019 FDIC deposit data

Signature should be looking for adjacent market opportunities in New York where their successful model can be replicated.

- BankVQ measures market coverage, footprint share, and market share for all 4000+ US banks by county, MSA, state, and region.
- These measures are also quantified by bank across demographic boundaries (e.g. high/low income markets, high/low growth markets, old/young markets).
- Market coverage, footprint share, and market share are available for Deposits and Mortgages with five years of historical data.

To learn more, visit [www.bankvq.com](http://www.bankvq.com)

## About BankVQ

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