

Trailblazing Bank Finds a Way to Bring Its Identity Up to Date

FINANCE: Name Change Brings Diversified Services More Fully Into Operations

■ By BRAD GRAVES

What does the word “internet” mean to you? For the average reader, it’s not quite what it meant during those heady dot-com days of 20 years ago.

Times changed. Technology moved on. They moved so far that bank industry CEO **Gregory Garrabrants** and his board had second thoughts about the name, BofI, which was derived from Bank of the Internet.

Ultimately they decided the name had to go.

Garrabrants hired outside experts and put some money into the project. A few million dollars later, on Sept. 12, parent company BofI Holding Inc. became **Axos Financial Inc.** Shortly thereafter, BofI Federal Bank became **Axos Bank.**

In his office overlooking University City on a recent Monday, Garrabrants recalled the year 2000, when the institution was founded. “There was that first wave of internet companies and there was a lot of euphoria around the idea that the internet would change the way everything worked,” he said.

A Bank Without Branches

Bank of the Internet USA positioned itself as a bank without branches, and therefore a lower cost structure. By March 2002, then-CEO **Gary Evans** told the **San Diego Business Journal** he didn’t have a



Photo courtesy of Axos Financial Inc.

Gregory Garrabrants, CEO of Axos Financial Inc., said his company took a scientific, data-driven approach to changing his company’s name.

branch in everyone’s town, but a branch in everyone’s bedroom. “If someone wants to open an account with us at 3 a.m. on a Sunday, we can do it,” Evans said at the time. “We can transfer their money at that time, they can pay their bills at that time, they can reconcile their accounts then.”

Sixteen years later, the term internet no longer means something special. “People don’t think about (the internet) anymore as something that’s separate and apart from what they do,” Garrabrants said. “Everything is delivered at least in some combination utilizing the internet.”

The name had other connotations too, which were not always welcome. The company diversified as a financial services company, introducing areas such as business banking.

“The internet name implied something that really wasn’t true with our business model: that there wasn’t personalized service, or that there wasn’t (an ability) to tailor product offerings to customer sets,”

AXOS FINANCIAL INC.



CEO: Gregory Garrabrants

INTEREST AND DIVIDEND INCOME: \$475.1 million in fiscal 2018; \$387.3 million in fiscal 2017

NET INCOME: \$152.1 million in fiscal 2018; \$134.4 million in fiscal 2017

NO. OF LOCAL EMPLOYEES: 640

HEADQUARTERS: University City

YEAR FOUNDED: 2000

STOCK SYMBOL AND EXCHANGE: AX on the New York Stock Exchange

COMPANY DESCRIPTION: Diversified financial services company

the CEO said.

And strictly speaking, the institution is no longer a bank without branches. There is an Axos office in Orange County and a Los Angeles office is planned.

Paid Consultants, Free Advice

With all the changes — plus the decision to move the financial institution’s stock from the **Nasdaq** to the **New York Stock Exchange** — the company made the change. Its new ticker symbol is AX.

Axos approached the naming issue from a scientific, data-driven perspective.

The change involved several outside consultants, who delved into aspects as diverse as whether a potential name was trademarked and whether the internet address was available.

“The difficulty with picking names is that everybody thinks they’re an expert,” Garrabrants said. “If you ask the average person, ‘Should **Qualcomm** do some sort of invest-

ment in 5G (wireless technology),’ people will say, ‘I don’t know anything about that. Leave that to some expert.’ But if you ask anyone what they think of a name, and what you should do with it, they have an opinion. Everybody has an opinion.”

People with doctorates in linguistics got involved. An outside research firm dug into what certain proposed names might mean to certain people. Four finalists were narrowed down to one, which was Axos. (Garrabrants declined to give the other three potential names.)

Having hit on a final name, the financial institution hired a branding agency to come up with the graphic design: the appropriate type font, color and other artwork.

Approaching \$10B in Assets

Axos expects to pass a significant milestone early next year: \$10 billion in assets. Part of that growth has been by acquisition.

In November, the company closed its deposit assumption agreement with **Nationwide Bank**, an arm of **Nationwide**, the **Fortune** 100 insurance company based in Ohio. Axos Bank acquired \$2.4 billion in deposits and 80,000 deposit accounts. Axos received cash equal to the book value of the deposit liabilities, less the purchase price premium of \$14 million.

The move hearkens back to 2015, when the San Diego company took on the bank business of **H&R Block.**

Axos is waiting to close its acquisition of **WiseBanyan Holding Inc.**, a Nevada-based provider of personal financial and investment management services. It announced plans to acquire WiseBanyan in October.

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