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U.S. Bank Executives See Delayed Boost from Tax Overhaul.

NEW YORK (Reuters) – Banks have not reaped the full benefit of U.S. tax cuts, Wall Street executives said on Friday after a string of quarterly results, with expected business growth and higher consumer spending yet to materialize.

Analysts and investors are still trying to work out the longer-term effects of the tax rewrite signed into law in December, which slashed the federal corporate rate.

Asked what impact Wells Fargo & Co (WFC.N) is seeing from the new tax law, the bank's finance chief, John Shrewsberry, said "not much yet."

Bank executives said last quarter that tax cuts and changes in capital expense deductions should stoke broad economic growth, fueling expectations of higher lending and capital markets activity.

"It has not been a big mover of our business or what you can see in the real economy," Shrewsberry said, though he expects that to change later this year.

There has been some wage growth but consumer spending has not picked up accordingly, he said. Wells Fargo has not had any unusual uptick in loan demand or meaningful changes to how products and services are priced, he added.

"As much as we're all eager to see the benefits … I think we have to recognize that tax reform is still in the early phases," JPMorgan Chase & Co (JPM.N) Chief Financial Officer Marianne Lake said on a media conference call after the bank reported first-quarter results.

She told reporters earlier that JPMorgan expects to see benefits, but "with a lag."

"While client sentiment is high in the wake of corporate tax reform and we remain hopeful that this will support higher demand later in the year, we're not seeing that yet, and we are maintaining pricing and credit discipline," Lake said about loan demand.

Financial markets have already reflected investors' enthusiasm about the cuts, Citigroup Inc (C.N) Chief Financial Officer John Gerspach said on a call with reporters to discuss results, and the actual benefit to the U.S. economy will only come once investment plans are finalized.

Lower Manhattan including the financial district is pictured from the Manhattan borough of New York, U.S. June 1, 2016. REUTERS/Carlo Allegri/File Photo
"A lot of corporate actions are in the planning stage. People usually have nine to 12 months to plan for tax reform. People had a chance to digest this right around the last three weeks of last year," Gerspach said.

A cut in the federal corporate tax rate to 21 percent from 35 percent has helped banks boost profit, but other details of the new tax code have not helped their bottom line.

Wells Fargo said interest income slipped 1 percent in the first quarter due in part to lower income

from so-called tax-advantaged products in light of newly lowered tax rates.

Lower tax-equivalent yields on municipal bonds should weigh on year-over-year comparisons of the lender’s net interest margin by around 4 basis points for the rest of the year, Shrewsberry said on an analyst call.

The third-largest U.S. bank by assets also flagged that tax changes had weighed on new debt issuance and secondary trading, though strong equity trading helped boost its total trading-related revenue.

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