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Innovation Station by Kevin Tweddle

**The many paths to innovation**

**I often tell people there isn’t one right path to innovation.** A number of factors, including a community bank’s business objectives, available resources and customer base, all factor into its decision to pursue or forgo a technology solution. ICBA’s ThinkTech Accelerator program, which connects early stage fintechs with community banks, is yet another pathway to innovation, but here, too, the value placed on individual offerings by bankers varies based on their individual operating strategies. My experience with the FI FinTech Roundup, an ICBA-sponsored event for community bankers, is similar. These collaborative opportunities allow community bankers and fintechs to come together to share ideas and learn from each other, allowing innovation and these institutions to thrive. Here are just a few examples of the many paths community banks have taken to innovation:

Nbkc Bank in Kansas City, Mo., formed its own fintech accelerator, Fountain City Fintech, which, to my knowledge, was a first for any bank. In some ways, it’s similar to ICBA’s own accelerator, but the business case is different. The $801 million-asset community bank not only helps fintechs execute new solutions, but also invites them into a long-term banking relationship that allows them to provide additional support.

Somerset Trust Company in Somerset, Pa., created an “innovation petting zoo” that it deemed National Fintech Day. The event provided a forum for a host of technology demonstrations from the $1.3 billion-asset community bank’s featured fintech vendors, including soda vending machines that only accepted Apple Pay.

Live Oak Bank in Wilmington, N.C., spawned one of the most successful fintechs of the past five years, nCino, which is an end-to-end, cloud-based lending solution. The tech-savvy $4.3 billion-asset bank developed its own solution, spun it off as a separate company and now sells its solution to hundreds of banks nationwide. nCino is just one of many products being developed or in development at Live Oak Bank.

North American Banking Company offers yet another example of a bank developing its own fintech solution. Located in the Minneapolis-St. Paul area, the community bank’s ACH solution, ExcheQ, allows customers to pay their friends directly from their phones. The bank has grown to $500 million in assets with its high-tech, high-touch, innovative approach.

Cross River Bank in Fort Lee, N.J., raised $100 million to build and invest in fintech solutions for its customers. According to the $1.9 billion-asset community bank, it powers some of the most well-known financial technology startups in the U.S. and aspires to become a one-stop shop for the fintech industry.

Five different community banks, all with very different paths to innovation. Let me say it again: There isn’t one right path to innovation. The concept of fast failure is really important as well. Innovation is an area in which perfection is almost impossible. It is an iterative process in which we learn from our mistakes, make changes and move on.

What path will your bank take? Although the opportunities are infinite, you need to find the path that’s right for you, keeping your organization’s strategy, culture and customers in mind.

Kevin Tweddle (kevin.tweddle@icba.org) is chief operating officer of the ICBA Services Network