Independent Banker

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Innovation Station by Kevin Tweddle

**What’s hot in fintech now**

**Three things are certain in life:** death, taxes—unless you’re a credit union—and change. Community banks have started to get used to change, but what has made it more difficult is the speed at which change is occurring.

Let’s explore the key trends that are driving change in our industry today.

**Open banking is coming**

We have been hearing a lot about “open banking,” as it’s already happening outside the U.S., but it’s becoming closer to reality here. Open banking is the practice of sharing financial information electronically, securely and only under conditions that customers approve of. Application programming interfaces, or APIs, allow third parties to access financial information efficiently, which promotes the development of new apps and services. Ideally, open banking should result in a better customer experience. Now, I don’t know if 100 percent open banking will arrive in the U.S., but I do believe some aspects of data-sharing will occur. The myriad benefits for banks include the grand slam of benefits from fintech: cheaper, faster, simpler and more secure. Open banking puts more pressure on large data providers like core-processing companies and digital banking providers. The downsides include reduced privacy and questions about data ownership.

**Digital customer onboarding**

This area is really heating up for community banks in particular. This refers to new customers’ ability to use digital tools to complete the onboarding process. Think online loan applications and deposit account-opening tools that simplify the process. Some tools have these capabilities built in, while others provide a bridge to existing tools. Again, this provides a better customer experience and allows community bankers to focus on customer relationships, rather than time-consuming manual tasks.

**Mobile first**

The mobile-first trend continues. This refers to the process of ensuring that a product works on your mobile device before progressing to other channels and larger screens. The smartphone is entrenched as the device of choice for customer connections, so as many banking activities as possible need to be accessible and executable on your phone.

**Financial health**

This trend is just starting to gain steam, but it’s particularly important to younger generations of bankers. Customers are looking for more financial education and automated financial guidance. Account aggregation and personal financial management tools are helpful but more foundational to financial health. Technological advances, such as artificial intelligence and machine learning, can be a significant help to this process, and we will see improvements in this area sooner rather than later.

Get used to the speed of change increasing, and make sure your bank is in tune with these key trends and making decisions accordingly.

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