Independent Banker

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Innovation Station by Kevin Tweddle

**Are you ready for the future?**

**Spring is certainly my favorite time of year.** The ice finally begins to melt, and the previous year gets further in the rearview mirror, with audits and shareholder meetings behind us. This is the time when we become laser-focused on executing our strategic plans.

As I write, we are fresh off of our ThinkTECH Accelerator showcase and several of our innovation-focused sessions at ICBA LIVE. I want to focus on two of those sessions in particular: Lessons Learned from the Most Innovative Banks, and Fintech Partnerships 101. There are several key lessons that bear repeating.

**Innovation applies to every bank**

Sure, there are some community banks, like Live Oak Bank and NBKC bank, that have a heavy focus on innovation, but every bank should have some focus on innovation. There are two types for banks: table stakes innovation and competitive edge innovation. Table stakes innovation refers to innovation required to keep up with the changing norms of the industry, such as remote deposit capture, mobile banking and online account opening. Competitive edge innovation includes p2p payments offerings, digital lending and contactless cards/mobile wallets. Every bank must be focused on table stakes innovation. Your bank can be more selective about its pursuit of competitive edge innovation depending on its unique strategy.

**Your core processor is not your innovation plan**

One area I have been talking about with our members is how reliant they have been over the years on their core processor. Many banks have wrapped their entire digital strategy around their core processing contract and have thus relied on it for innovation. That seems to be changing as mobile and ancillary solutions become more critical to the customer experience. While your core processor is a critical component of your bank’s innovation plan, innovation must be driven by your executive team as part of your overall strategic plan.

**Mobile technology is here to stay**

Probably the most rapid change in technology, as well as customer preference, has been the move to the mobile-first banking experience. I believe the future of banking will include a heavier reliance on phones or tablets to complete banking transactions.

**Community banks have a niche: high tech, high touch**

Community banks’ secret weapon is coupling the personalized, trusted human relationship with the convenience of digital banking. This is how community banking will evolve with trust at the center of the high-tech, high-touch experience.

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