Independent Banker

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Portfolio

[column tag] Innovation Station

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[hed] High-tech, high-touch is the future

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It’s that time of year when I announce my annual list of community bank and innovation predictions for the New Year.

For those who think the pace of change is going to slow down in 2019, think again. This is the new normal, and while it may seem daunting, the more you embrace the change and speed, the better off you’ll be in the long run—especially when it comes to growing your bank and serving the needs of your customers and community.

To that end, here’s what I see as the big innovation themes, which will frame out 2019.

**Avoidance is no longer a strategy.** Community banks must innovate to continue to thrive. If you’ve been sitting on your hands, now is the time to change your strategy. It’s evident that innovation and the growing fintech marketplace are not a fad—they are here to stay. It does not matter the size or make up of your market. The need for faster, cheaper, simpler and more secure solutions to address customers’ banking needs will only grow over time, and one new innovation will lead to others. In the long run, it will be better to innovate over time versus doing it all at once. But if you haven’t done it yet, 2019 is the time to start, and ICBA is here to help you. We have a wealth of resources to get you started, including a Fintech Strategy Roadmap and the ThinkTECH Network (more on page X), which is available to all ICBA members.

**The golden era of the banking-fintech partnership is just beginning**. I’ve mentioned that community bank-fintech partnerships are the way of the future, and we will see that prognostication continue to gain momentum in 2019. Given the sheer amount of resources and talent pools necessary to innovate at such a rapid rate, community banks are in an excellent position to partner with fintech companies. And, while fintechs can innovate at a faster pace, they needa more intimate understanding of banking and the regulatory system. There is so much community banks and fintechs can learn from one another. It really is the perfect match at the perfect time.

**Core processors will pick up the pace on innovation.** Despite the challenges faced by most larger companies to innovate, core processors are expending more resources to help community banks with the speed of change and are starting to differentiate their services. I think several of these companies are stepping up to meet the challenges of their customers and the improvements will be noticeable. Game on.

**Fintech accelerator programs will grow exponentially.** We are proud to have launched our version in 2018, the ICBA ThinkTECH Accelerator, in partnership with The Venture Center (read more at <i>***icba.org/fintech***<i>). We expect other states, and perhaps other community banks with the resources and strategic fit to pull off their own versions, to do something similar. This type of program is a win-win for all parties—for community banks, fintech providers, cities and states, and most importantly, for bank customers—one that helps to facilitate innovation and drive positive economic impact in communities across the country.

**High-tech, high-touch is the future of community banking.** Community banking has been about strong personal relationships with customers and businesses in their communities for generations. While some view innovation as a threat to that model, I see it as an opportunity to create stronger, more meaningful and lasting relationships. Technology has been a great equalizer for community banks, allowing them the flexibility to be even more responsive to their customers’ needs. The question is: Can you fully digitize trust? I don’t think so, at least not 100 percent. Relationships will always matter.

The future may seem daunting given the rapid advance in technology in the last few years, but if you confront those fears and add a little high-tech to your already strong relationship models, good things <i>*will*<i> happen.

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