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[tag] Innovation Station

[hed] Top 5 innovation trends for 2023

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As we turn the page to a new year, the innovation evolution continues. ICBA is leaning into it, bringing its ThinkTECH Accelerator program and innovation efforts in-house to provide community bankers with targeted solutions tailored to meet their needs.

Here at ICBA, we’ve been tossing around a quote from author Courtney C. Stevens’ novel, *The Lies About Truth,* that captures our ethos heading into 2023: “If nothing changes, nothing changes. If you keep doing what you’re doing, you’re going to keep getting what you’re getting. You want change, make some.”

For ICBA and its community bankers, I believe 2023 will continue our industry’s forward momentum as our members position themselves to be the agents of change that find and champion new opportunities.

Here are what I believe will be the top five trends and opportunities in the year ahead:

1. **Targeted fintech initiatives focused on meeting community bankers' unique needs.** Much like we saw some concentrated initiatives in 2020 with the Paycheck Protection Program (PPP) and the CARES Act, 2023 will bring a more granular focus to community banks’ lines of business. Agtech, age tech, payments and financial inclusion are top of mind for ICBA, as well as revenue-generating opportunities for community banks.
2. **Momentum around faster payments, real-time payments and FedNow.** Faster and real-time payments activity and deliverables will become tangible and imperative in the year ahead. With the launch of the FedNow Service in 2023, new use cases for faster and real-time payments will continue to emerge, providing community banks with a groundswell of opportunities in this space.
3. **Continuing digital transformation.** Digital transformation shows no signs of slowing down. In response, ICBA is expanding its digital education programming and resources to ensure community bankers have what they need to differentiate themselves from the competition and vie for market share. By bringing its innovation initiatives in-house, ICBA will continue to support these efforts, including identifying robust, cutting-edge solutions to solve community bank pain points and meet evolving customer needs.
4. **An increase in embedded payment.** Embedded finance is expected to increase exponentially over the next few years, opening up new markets and enhancing customer experiences. According to Plaid, a financial services company, embedded financial services will produce $320 billion in revenues in 2025—a 10-fold increase over the $22.5 billion in 2020 revenues. Expect increased demands from business customers and new revenue-generating opportunities for community banks.
5. **The emergence of chief innovation officers or digital strategists.** With growing talent demands and the pace of innovation, expect to see the emergence of in-house community bank chief innovation officers and digital strategists. Community banks are investing in these new skill sets, bringing in top talent from other industries, so we expect to see an uptick in this trend in the year ahead.

In 2023, community banks must remain agile and focused on making change to secure their place as their customers’ preferred financial partner. As the new year unfolds, we would do well to remember Stevens’ mantra, "If nothing changes, nothing changes."

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