Independent Banker

Portfolio

November 2022

[tag] Innovation Station

[hed] Opportunities in the fintech landscape

[byline] By Charles Potts, ICBA

[body]

The fintech landscape is shifting. Investments in new companies have slowed, valuations that some early-stage companies commanded last year are ratcheting back, and financial technology providers are tightening their proverbial belts. While challenging for some, this convergence of economic and marketplace factors presents community banks with new opportunities for innovation and growth as they look to the new year.

With community banks finalizing 2023 budgets, now is an excellent time to reevaluate current business partnerships and consider whether partnering with additional or different fintech providers would better meet the bank’s and customers’ needs.

For community banks that have yet to start evaluating digital solutions and providers, now is the time to act. Current market shifts have created a buyer’s market, putting community banks in a favorable position to renegotiate contractual terms and become more selective in their provider choices.

As community banks leverage these marketplace advantages, they should consider partnering with providers that bundle their services and solutions to meet customers’ demands. For the past few years, fintechs have worked to address specific challenges or niches, creating a siloed approach that resulted in multiple solution providers and platforms, creating unnecessary friction for community banks and their customers.

In response, community banks, like $779 million-asset Lead Bank in Kansas City, Mo., have begun investing in fintech providers that can arm them with the capabilities to bundle their services and streamline processes. We see this same trend playing out in larger financial institutions as well. Earlier this year, Bank of America announced its new super app, which facilitates bundling multiple solutions under one umbrella.

In this time of economic uncertainty, community banks also have an opportunity to remind their customers of their presence, value and stability. Through partnerships with robust solution providers and a keen focus on attending to customers' desires, community banks can not only enhance customer loyalty but bring new customers into the fold.

ICBA remains committed to helping its members stay abreast of emerging trends. The evolving fintech landscape and digital banking solutions remain a primary focus for ICBA, which is reflected in initiatives such as our renowned ThinkTECH Accelerator program, vetted Preferred Service Provider offerings, curated solutions directory and a multitude of educational tools and resources.

Imagine the possibilities and embrace the opportunities before you. Seize the moment to explore innovation.

**Charles Potts** (charles.potts@icba.org) is ICBA executive vice president and chief innovation officer.

[ends]