***Independent Banker***

**Portfolio: Innovation Station**

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**Innovation Station**

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**Agtech’s innovation opportunities**

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The COVID-19 pandemic has placed unprecedented stress on food supply chains, with bottlenecks in farm labor, processing, transport and logistics, according to the Organization for Economic Cooperation and Development, and these challenges show no signs of letting up. Against this backdrop, agtech—the application of technology to every aspect of the food production process, from farm to table—is growing in importance to the mission of ICBA and community banks.

As ICBA reported in March of this year, community banks with less than $10 billion in assets provide 80% of all ag financing and are often the catalysts for new and expanded business opportunities within their communities. In fact, community banks provide about $155 billion in agriculture loans.

Despite the demand, the loan process in the agricultural sector remains predominantly manual. This presents an opportunity to apply advances achieved in other lending areas, especially commercial lending, to transform ag lending.

For example, by applying artificial intelligence (AI) to analyze data and create standardized processes that include benchmarking and lending risk assessments, community banks can enhance the effectiveness and efficiency of the loan process for the agricultural community. Innovations like these, applied to the farming industry, can accelerate the lending process for farmers, saving them time and money.

Often, community banks sit in the middle of the ecosystem, providing point solutions to various participants in the agricultural process—from the farmer and grower to the processing and transportation sides. The opportunity to create a cohesive end-to-end supply chain and enterprise resource planning system, where community banks can be the facilitators of moving money, removing friction and improving cash flow, becomes a natural byproduct.

Farmers and Merchants Bank in Milligan, Neb., serves as an example. Just before the pandemic, the $118 million-asset bank implemented remote signatures, empowering farmers to e-sign loan documents and return them electronically to the bank. About six months ago, the bank also hired a remote loan officer who makes “farm calls." The loan officer takes the paperwork to the farmer and reviews it before scanning and submitting the documents via secure email. The bank is also considering a video chat-based app that will allow it to host secure virtual meetings.

As opportunities in agtech ripen, ICBA is exploring innovations targeting this market segment. To that end, ICBA is asking its community bank members to help identify potential agtech applicants for its 2023 ThinkTECH Accelerator Program.

Start by talking to your agricultural customers to identify areas of friction, pain points and opportunities to improve the speed and efficiency of the lending process. Then, share that information with ICBA so we can find and source potential solutions and providers.

No technology barrier should preclude a farmer and lender from improving the speed, efficiency and effectiveness of the lending process. The demand is evident. Finding innovative ways to harness what we know to provide more efficient and effective approaches to addressing the needs of everybody involved in the agricultural ecosystem is the shining light of opportunity.

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