



## Market Commentary

# Fintechs fast track growth, even in uncertain times

In a constantly evolving and uncertain market, fintech partnerships can fulfill specific and unique consumer needs for community banks and credit unions.

In a January 2020 podcast, FDIC Chair Jalena McWilliams expressed concern for the future of community banking.

As it turns out, McWilliams' comments are closely echoed by Christian Ruppe, CEO of Monotto, creator of innovative products such as [RoboSave](#). Both agree that unless community financial institutions partner with fintech providers, they won't be able to meet consumer expectations in a continuously evolving tech market. And Ruppe is quick to point out that means credit unions too.

However, he is also quick to say that a single fintech product isn't likely to help community banks and credit unions keep pace with the rapid velocity of change in markets today.

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### Why a single fintech won't save community banking, but multiple partnerships will

A look at the numbers is all it should take to convince a community institution that future success hinges on technology adoption.

- 70% already use mobile banking to manage their account<sup>1</sup>
- 34% are using a mobile app to transfer money<sup>2</sup>
- 51% are interested in voice banking<sup>3</sup>

While data points like these tell us that consumers are seeking more digital tools, we know that they don't necessarily want a digital bank.

## About the Author



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Caitlin is Finastra's Solution Marketing Lead for Digital Banking. She works closely with cross-functional teams, customers, and Finastra leadership, to evolve the digital banking marketing strategy through thought leadership, customer-oriented content, and solution values.

An active alumna of University of South Florida, Caitlin is passionate about educating and growing community organizations. She is an engaged leader in her Tampa Bay community through non-profit, continuing education, and professional organizations.

## A single fintech won't save community banking, but multiple partnerships will.

Despite the launch of neo banks ten years ago, less than 22% of Americans have moved to strictly online banking. Gen Xers take the largest piece of the “neo bank pie” as a whopping 30% using a digital only institution. The older generations?<sup>4</sup>

Forget it. Before Covid-19, only about 8% of the Baby Boomer Generation banked completely online. They'd rather have the option to visit the branch.

However, J.D. Power reveals that big banks are outranking online banks and community financial institutions alike when it comes to customer satisfaction. The reason is wrapped up in all of those digital bells and whistles that big banks can provide.<sup>5</sup>

But here is the one overarching caveat, there is no guarantee that consumers will feel the same way next year, as financial institutions of all sizes try to keep up with the blistering pace of innovation and adapting to the “new normal”.

According to Ruppe, it's a slippery slope and financial institutions aren't the only ones fighting the slide. The very fintech companies that are providing digital-first technologies to community banks and credit unions are facing the same upward battle against rapid innovation in technology.

“You are never going to find a company that is able to produce the “next big thing” every single time,” says Ruppe. “All you can do is enable a way for all fintech companies to get that technology in front of a user.”

That way forward relies on collaboration between financial institutions and a range of fintech innovators, using application programming interfaces or APIs.

### Entering the Platform World of APIs

To [understand APIs](#) in very simple terms, think of the USB ports on a desktop or laptop computer. You might have a keyboard, a mouse and even an external hard drive all connected through USB to create an effective working environment.

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APIs work on a similar premise, by providing a way for community banks and credit unions to just as seamlessly plug in services and tools from different innovators.

“If you are a community bank or credit union looking to the future, and your biggest question is, how can we make sure we have access to that next big thing, the only way you are going to be able to do that is if you have a platform in place that enables those products to be implemented quickly,” says Ruppe.

“Ultimately, we don't know where innovation comes from, all we can do is prepare for it and enable it whenever we discover it.”

Of course, it's all a bit more complicated than simple plug and play for application developers who must innovate the new ideas and build them, but APIs provide an environment where banks and credit unions can find the products they need and quickly roll them out to consumers.

That's why Ruppe decided to partner with Finastra using [FusionFabric.cloud](#), when it came time to bring Monotto's products to life. “The speed at which Finastra's clients can onboard RoboSave is unprecedented. Pre-API revolution, this was just a dream.”

As Ruppe gets to work on the products and services that will “completely automate financial stability”, he sees platforms as the only way community banks and credit unions will manage the slippery slope of continuously evolving technology inventions.

“You have to have a platform that enables quick innovation,” says Ruppe. “Having one that can implement any kind of product is essential for community banks and credit unions who want to stay on the front lines of innovation.”

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#### What questions can we answer for you?

#### References

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#### About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at [finastra.com](http://finastra.com)

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