



Innovative Strategies to Help Your Organization Stand Out

technology branch strategies industry update

Summary: Who says CFIs can't innovate? We feature a number of very creative CFIs that are coming up with novel ways to serve their customers. Then we detail some pointers on how to best innovate in a safe and sound manner.

Thomas Edison was quite the innovator, with no less than 1,093 US patents. His most notable inventions were the phonograph; standardizing the light bulb and creating the electrical utility system; the electrographic vote recorder for legislative bodies; and the magnetic iron ore separator, the basis for the formation of his own cement company, which supplied concrete for the construction of Yankee Stadium.

Thomas Edison's contributions were so vast that he inspired the creation of The Edison Awards, an annual competition honoring excellence in new product and service development, marketing, human-centered design, and innovation.

More and more community financial institutions (CFIs) are doing some innovating of their own by coming up with novel products and services. Here are a few notable innovations in the financial industry to help your team get inspired:

Pay Ring. A community development financial institution (CDFI) in New York City was the first institution in the US to launch a [wearable ring that enables contactless payment](#), much like an Apple Watch. Their Quontic Pay Rings don't require charging, boast scratch and water resistance, and allow their customers to make real-time payments by simply curling their fingers over a payment terminal to connect the ring to the terminal.

Shared National Credits platform. A CFI in Texas [developed an online platform](#) for itself and other CFIs to better access the Shared National Credits market for syndicated loans. This way, the CFIs could pool their resources and diversify their loan portfolios to hold more commercial and industrial loans — without eating into their core deposit and noninterest income.

Hologram greeter. A CFI in Massachusetts [employs a life-size hologram](#) named Olivia that can greet customers in four languages — English, Spanish, Vietnamese, and American Sign Language. Currently she talks about the CFI's products and services and gestures to a tablet where customers can check in to their appointments, but one day she will also be equipped with conversational artificial intelligence abilities to answer customers' questions.

Local startup incubator. An Oklahoma-based CFI has set aside space in its downtown storefront branch for local budding entrepreneurs to showcase their wares, called the [Retail Incubator for the Shopkeeper Experience](#), or RiSE. Selected startups are featured each quarter for a chance to *"explore their brick-and-mortar retail potential."* The program, created in partnership with a local retail association, also includes co-working space and a one-year membership with the association.

Sustainability focus. A Florida CFI offers personal and commercial financial services with a focus on environmental sustainability, touting their commitment to carbon neutrality. The organization offers what they

call [green loan options](#) for solar panels, renewable energy, EV charging, purchasing certified carbon offsets, and more.

A CFI-centered platform for CD rates. A CFI in Washington created a platform called CD Valet that lists not only its rates, [but those of other CFIs](#) across the nation. Why would a CFI do that, without earning money from other CFIs? With CD Valet, they hope to simplify the search and provide impartial data so customers can discover new options. Also, the host institution wants to reinforce the community aspect of CFIs. They believe that their efforts will help drive customers to keep their deposits in their own communities, citing the unique position of CFIs to reinvest those deposits *“back into the community to create greater economic opportunity through jobs, housing, local services and more... As the financial services sector grows more complex with fintech firms, neobanks and more, CD Valet helps people invest locally, where it matters most.”*

If your institution is in the mood to innovate, here are a few pointers for you to consider:

- **Reevaluate your current business model to identify new opportunities.** This process should include:
 - An assessment of internal and external forces.
 - An evaluation of your services and product performance.
 - Identifying new entrants and the opportunities or threats their products produce.
 - Recognizing business customer and consumer needs. This step requires not only analyzing customer and local market data, but also continuous surveying of your customers and potential customers in your marketplace.
- **Foster an innovative culture.** A recent federal survey report found that many financial institution survey respondents [stressed the need for cross-functional teams](#) to assist with roadmap building and executing company objectives. Others emphasized either upskilling existing employees or hiring staff that may not have extensive banking experience, but have a strong background in the technology industry to help foster these innovative strategies.
- **Partner with an experienced tech firm that respects compliance.** Oftentimes CFIs need to partner with fintechs to launch innovative products and services. The Fed’s survey report also details what to look for when partnering with a fintech — particularly when it comes to regulatory compliance. Some fintechs maintain their own compliance staff and engage in independent fraud monitoring and building a system of redundancy, while others defer to CFIs’ expertise.

With new types of financial services providers, like neobanks and fintechs, throwing their hats into the ring, it’s important for CFIs to embrace new ideas to stand out. Along with customer feedback and insights, noting what other CFIs are doing to level up their offerings and increase their appeal to local customers can help you brainstorm options that could benefit your own CFI. If you do decide to pursue innovative changes, keep in mind that there are many avenues to help you reach your goal, and endless possibilities to evolve and serve your customers better. Just don’t forget the most crucial piece of the puzzle — that it’s unique to your community.

NEW PODCAST EPISODE: INCREASING CUSTOMER LOYALTY

It’s always a good time to focus on keeping your customers happy and loyal. [Tune in to this new episode](#) for tips from the experts at Customer Communication Group as they discuss the do’s and don’ts of increasing customer loyalty.

ECONOMY & RATES

Rates As Of: 03/16/2023 10:39AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.75	-0.13	0.33
6M	4.73	-0.44	-0.03
1Y	4.44	-0.57	-0.27
2Y	4.16	-0.66	-0.27
5Y	3.73	-0.46	-0.28
10Y	3.57	-0.36	-0.31
30Y	3.70	-0.21	-0.26
FF Market	FF Disc	IORR	
4.58	4.75	4.65	
SOFR	Prime	QBFR	
4.58	7.75	4.57	

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.