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Fintech: Have Community Banks Reached a Tipping Point?

Community banks aren't traditionally associated with cutting-edge technology and agility in adopting new business practices. It's a stereotype that persists as community bankers tend to focus on individual client relationships with retail and small business customers rather than the latest trends or fads in fintech. But that perception is rapidly changing.

Increasingly community banks are adopting technology solutions that better support client relationships, which are so important to their business model. It speaks directly to the future of the banking industry and the critical importance of fintech. For example, one recent [survey](#) shows that 42 percent of Millennials said they want to exclusively manage their bank relationship online.

But has the industry reached a tipping point in terms of widespread adoption of fintech solutions? Much of the evidence suggests that it has. A survey conducted by the law firm Manatt [reports](#) 81% of regional and community banks say they're collaborating with fintechs, while 86% say a fintech relationship is "absolutely essential" or "very important". Common fintech solutions for community banks cover cybersecurity, online transaction management, and lending.

That sentiment is backed up by the effect of fintech on the community banking sector. Take discussions during 2017 ICBA Live, a major event held by the Independent Community Bankers of America (ICBA). During one [presentation](#), speakers Neil Falken and Joshua Juergensen of CliftonLarsonAllen LLP laid out the case for fintech in community banking: 87% of banks that partnered with fintech cut costs, while 54% have actually increased revenue.

Even if the roadmap shows a future with broad implementation of fintech solutions among community banks, it won't be without its challenges. Banks in the Manatt study cited cybersecurity and regulatory compliance as major concerns when developing a fintech collaboration and were lukewarm on whether they are ready to take on a partnership with nearly half of respondents saying they are "somewhat prepared" or even "somewhat unprepared". These same respondents still felt that establishing a fintech relationship was important.

As part of the fintech revolution, .BANK has also seen this trend in action. Banks are turning to .BANK as a way to bolster their security features and branding through the use of a trusted and verified domain. Although there are up-front costs to transition to a .BANK domain, the long-term benefits of additional security and brand recognition are a good investment.

For forward-thinking community banks, now is the time to look ahead of the curve. As fintechs proliferate and large banks increase the sophistication of their in-house technology offerings, small banks have an opportunity to be agile and in tune with customer needs.