

The background features a central, bright sunburst or starburst effect in shades of orange and yellow, radiating outwards. Overlaid on this are numerous thin, dark lines that resemble digital data or fiber optic paths, creating a complex, web-like pattern. The overall color palette is dominated by dark blues and blacks, with the bright light source providing a strong contrast.

THRIVING
IN AN ERA OF
DIGITAL
DISRUPTION



**BREAKING
BANKS**



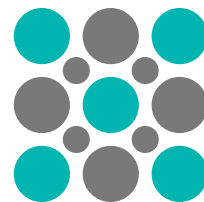
JP Nicols is Cofounder of FinTech Forge, the industry leader in helping financial institutions build and leverage their innovation capacity.

He is also Cofounder of the Alloy Labs Alliance, a member-driven shared innovation lab and accelerator for regional and community banks.

JP is also Cohost of *Breaking Banks*, the #1 global fintech radio show and podcast, and the #1 business show on VoiceAmerica World Talk Radio; and a top-rated instructor at leading graduate schools of banking.

ALLOY LABS

ALLIANCE



Develop better solutions, faster



Forge ideas into tangible results



Collaborate around best practices



Reduce adoption risk



Leading edge fintech compliance



Pooled capital strategic investments



ABA BANKING JOURNAL

MAGAZINE | NEWSBYTES | PODCAST | ABA BANK MARKETING | ABA RISK AND COMPLIANCE

ABA Partners with Alloy Labs to Foster Innovation

ON APRIL 24, 2018 NEWSBYTES, TECHNOLOGY

As part of its efforts to help banks of all sizes accelerate technological innovation, the American Bankers Association today announced a strategic partnership with Alloy Labs Alliance. The alliance—led by fintech experts from FinTech Forge—is a shared financial innovation lab and consortium comprising 32 community and midsize banks that come together to identify, evaluate and implement new technology and launch innovative products.

Banks joining Alloy Labs can choose from three different levels of participation, each separately priced: custom in-house sessions, peer working groups and access to Alloy Labs' blueprint and implementation kit. Through ABA's

AMERICAN BANKER All Sections

Now Reading: The Latest

Small banks join forces to address fintech challenges

Two D.C. firms that have ear of bank execs form alliance

ConnectOne announces in-market deal for Bancorp of ...

Small banks join forces to address fintech challenges

By Hilary Burns

Published November 07 2018, 11:12am EST

More In: Community banking, Fintech, Fintech regulations

A dozen community banks have formed a group to explore fintech opportunities.

Alloy Labs Alliance is managed by the consulting group FinTech Forge. While the alliance is in its early stages, Alloy's members are optimistic that they can leverage their combined resources to meet small banks' technology needs.

THE FINANCIAL BRAND Digital Banking Cu HARLAND C

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(SPONSORED CONTENT)

Forward-Looking Banks Can Survive the Lending Revolution

Is Your Marketing Vision 2020?

New Alliance Provides Powerful Innovation Platform for Smaller Banks

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In this exclusive interview, Jason Henrichs and JP Nicols, co-founders of the

PYMNTS.com

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COMMUNITY BANKS DEBUT FINTECH ALLIANCE

By PYMNTS

Posted on November 13, 2018

FINTECH

Forbes Billionaires Innovation Leadership Money Consumer Indust

Small Banks Join Forces To Bring Fintech To Customers

Donna Fuscaldo Senior Contributor @ Fintech

I write about the fintech, cryptocurrency and investing markets.

FINTECH

Business Observer 40 UNDER 40 SUBMIT 4

Area community banks take on upstart tech firms

BUSINESS OBSERVER FRIDAY, DEC. 21, 2018 7 months ago

Seth Godin:



“The innovator shows up with something she knows might not work (pause for a second, and contrast that with everyone else, who has been trained to show up with a proven, verified, approved, deniable answer that will get them an A on the test).

If failure is not an option, then, most of the time, neither is success.

It’s pretty common for someone to claim that they’re innovative when actually, all they are is popular, profitable or successful.

Nothing wrong with that. But it’s not innovative.”



Disintermediation



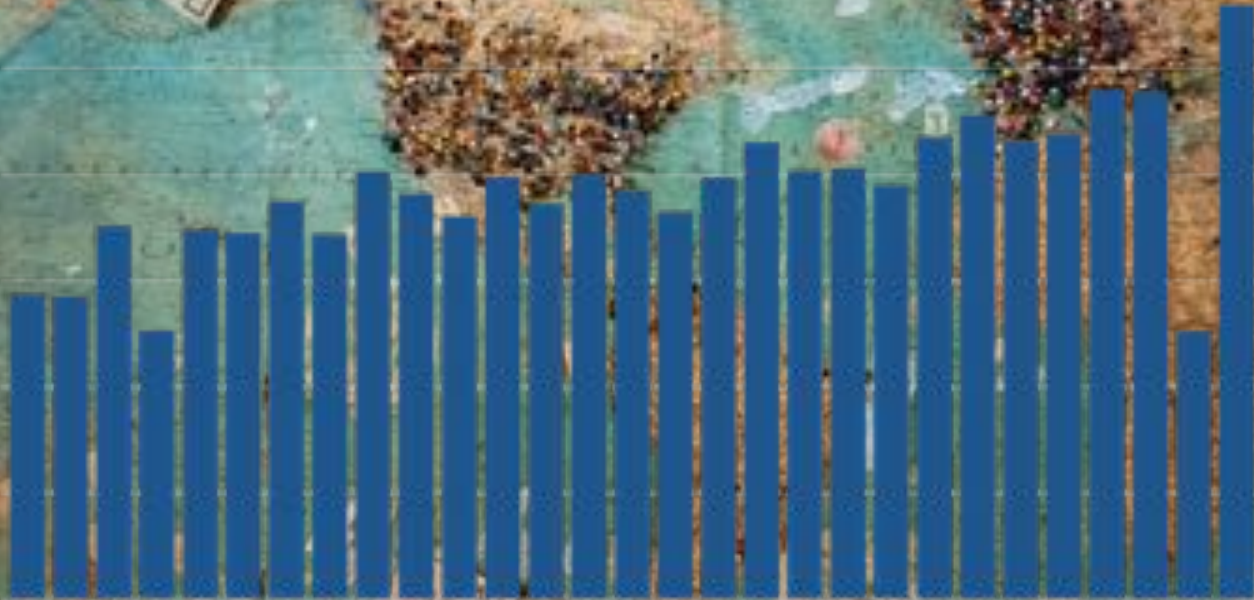


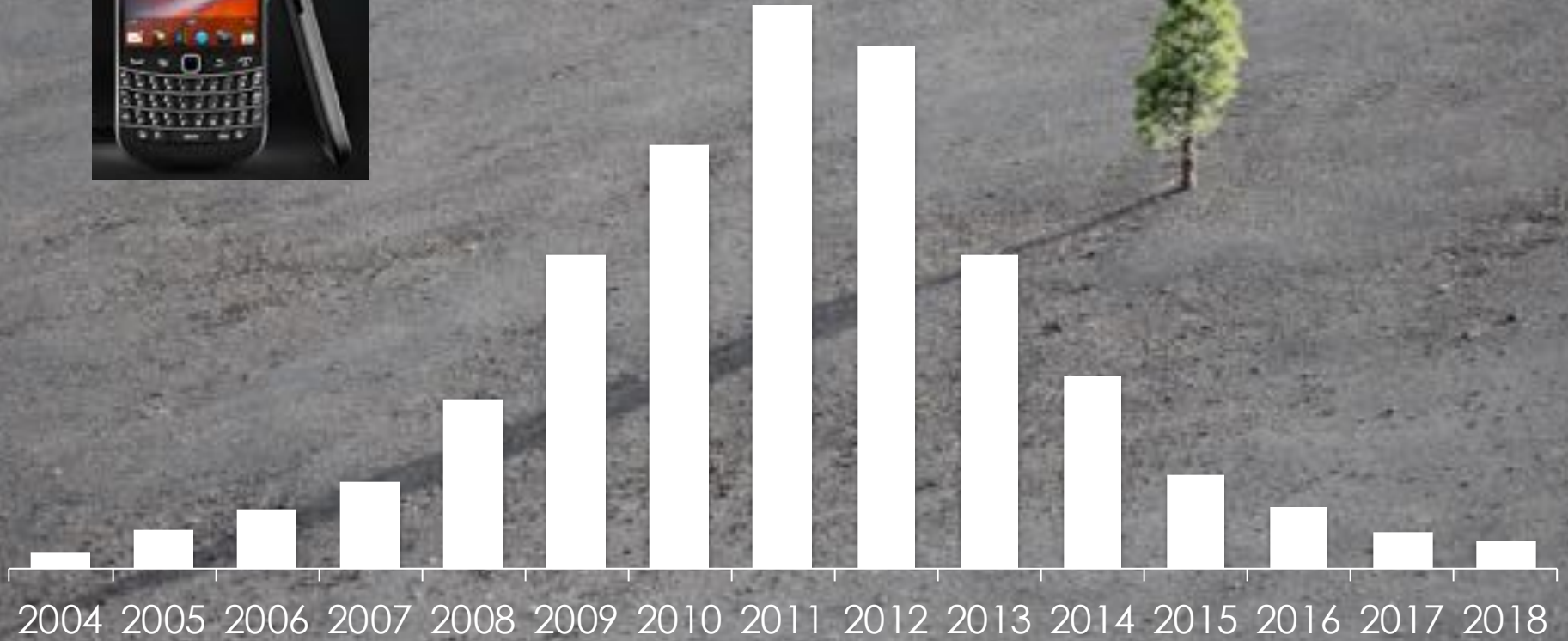
Success

Is a Poor Teacher

Bill Gates

Record Industry Profits



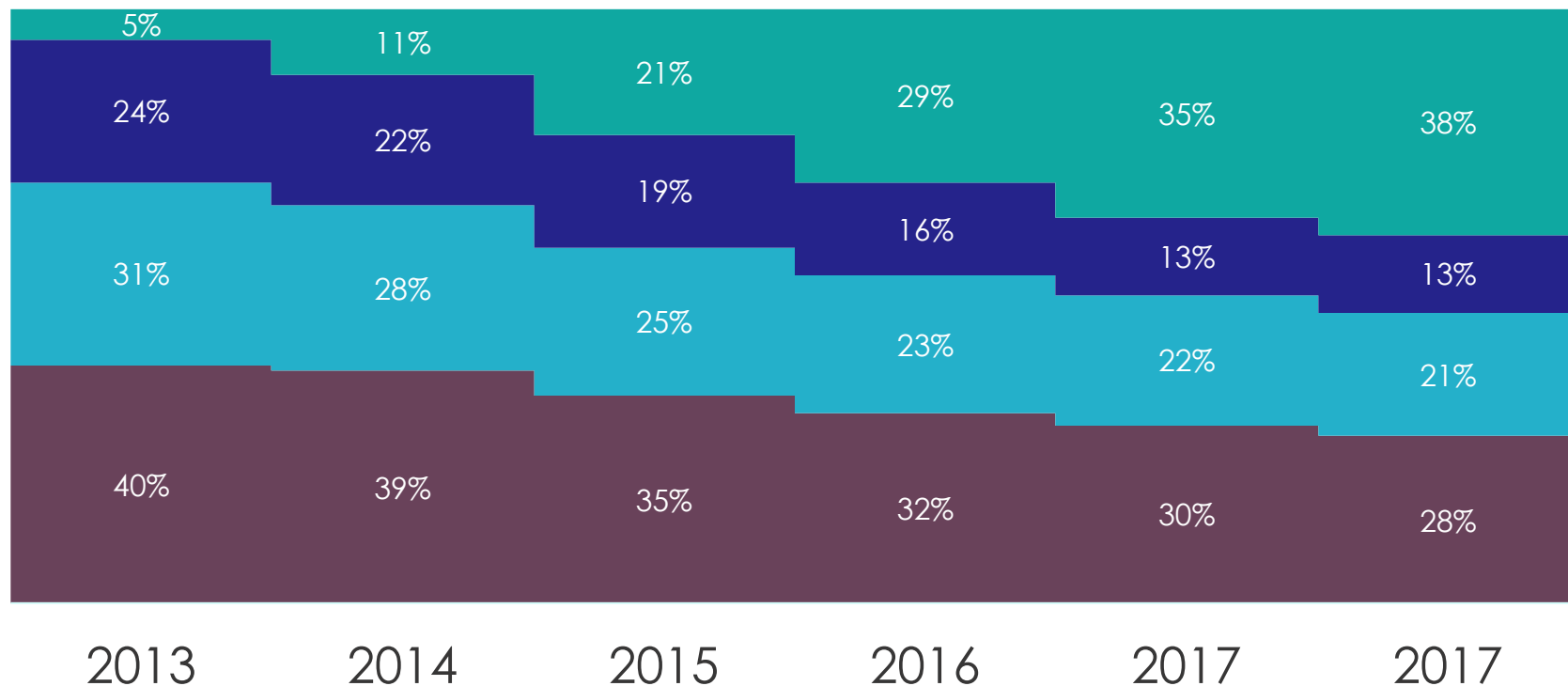


HT: @BrianRoemmele

A small, vibrant green tree stands alone on a dark, textured, and uneven surface, possibly sand or gravel. A long, dark shadow is cast from the tree towards the bottom left of the frame. The background is a vast, dark, and grainy expanse.

Gradually, then suddenly.

Digital Lending Market Share



■ Bank ■ Credit Union ■ Finance Co. ■ FinTech

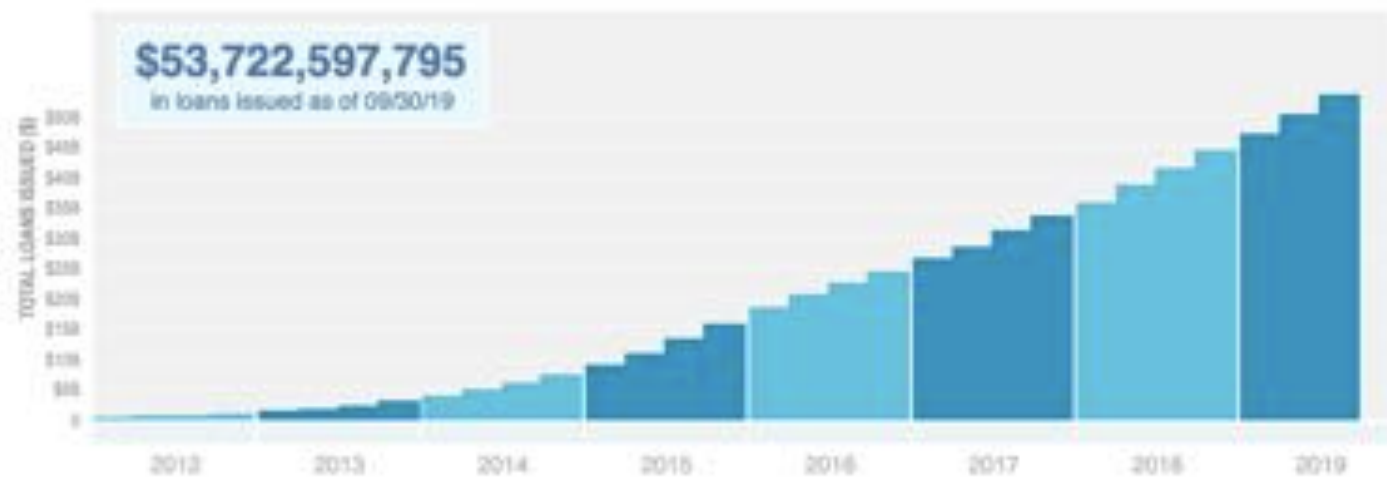
LendingClub Statistics



Invite Friends

Platform: [Highlights](#) | [Loan Statistics](#) | [Download Data](#)

TOTAL LOAN ISSUANCE



Short-term



Cash

Receivables

Inventory

Long-term

Vehicles

Equipment

Real Estate

- Reduced Friction
- Customer Experience

Equity/Other



KICKSTARTER



An iceberg floating in the ocean. The tip of the iceberg is visible above the water line, while the much larger, jagged base is submerged below. The sky is blue with some clouds, and the water is a deep blue.

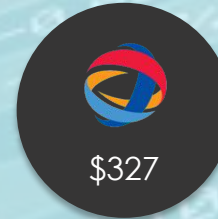
\$100B+ invested in fintech companies in last 5 years

Encroachment from adjacent players:

- Retailers/Marketplaces
- Tech Companies
- Insurance

Market Cap (Billions)

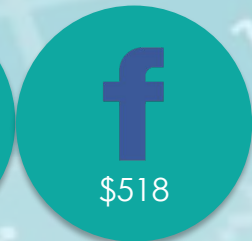
2006



2011



2016



GAFABAT

Google

amazon

facebook



Baidu 百度

Alibaba Group
阿里巴巴集团

Tencent 腾讯

\$100B+ invested in fintech companies in last 5 years

An iceberg floating in the ocean. The tip of the iceberg, which is visible above the water line, represents the \$100B+ invested in fintech companies. The much larger, submerged part of the iceberg represents the 'Digital Arms Race' and the encroachment from adjacent players.

Encroachment from adjacent players:

- Retailers/Marketplaces
- Tech Companies
- Insurance

Digital Arms Race:
New strategies,
acquisitions, acquihires
by other incumbents

Blockbuster's Head of Digital Strategy, 2010



"We're strategically positioned better than just about anybody out there. Never in my wildest dreams would I have aimed this high."



Video Americana in Baltimore - Image credit: Baltimorefilmguide.com





NETFLIX

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What Business Are You In?











UBER







Radio Shack
AMERICA'S TECHNOLOGY STORE

PRESIDENTS' BIRTHDAY SALE!

DON'T DELAY!

3-DAY SPECIALS ABOVE GOOD SATURDAY THRU MONDAY ONLY!

 Analog Weather Station Cut 34% 1188 <small>Reg. \$1800</small> Features: STORMS 4x12" dial, 144 personal weather forecasts, 100% humidity, 40% wind speed, 40% wind direction, 40% barometric pressure.	 AM-FM Clock Radio 30% Off 1388 <small>Reg. \$2000</small> (Digital) 200% auto wake-up, 100% auto sleep, 100% auto alarm, 100% auto clock, 100% auto radio, 100% auto timer.	 In-Ear Stereo Phones Half Price! 798 <small>Reg. \$1596</small> Features: 100% auto alarm, 100% auto clock, 100% auto radio, 100% auto timer, 100% auto sleep, 100% auto wake-up, 100% auto humidity, 100% auto wind speed, 100% auto wind direction, 100% auto barometric pressure.	 Memory Plus Calculator 30% Off 488 <small>Reg. \$732</small> Features: 100% auto alarm, 100% auto clock, 100% auto radio, 100% auto timer, 100% auto sleep, 100% auto wake-up, 100% auto humidity, 100% auto wind speed, 100% auto wind direction, 100% auto barometric pressure.
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0% INTEREST!
NO PAYMENTS UNTIL MAY!
NO DOWN PAYMENT!

HURRY! OFFER ENDS TUESDAY FEBRUARY 19

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Mobile CB With Channel Controls on Mic
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Our Easiest-to-Use Phone Answerer
Cut 12% 4995
Reg. \$5695

Handheld Voice-Activated Cassette Tape Recorder
40% Off 2995
Reg. \$4995



60
MINUTES

Sears, the Original Everything Store, Files for Bankruptcy



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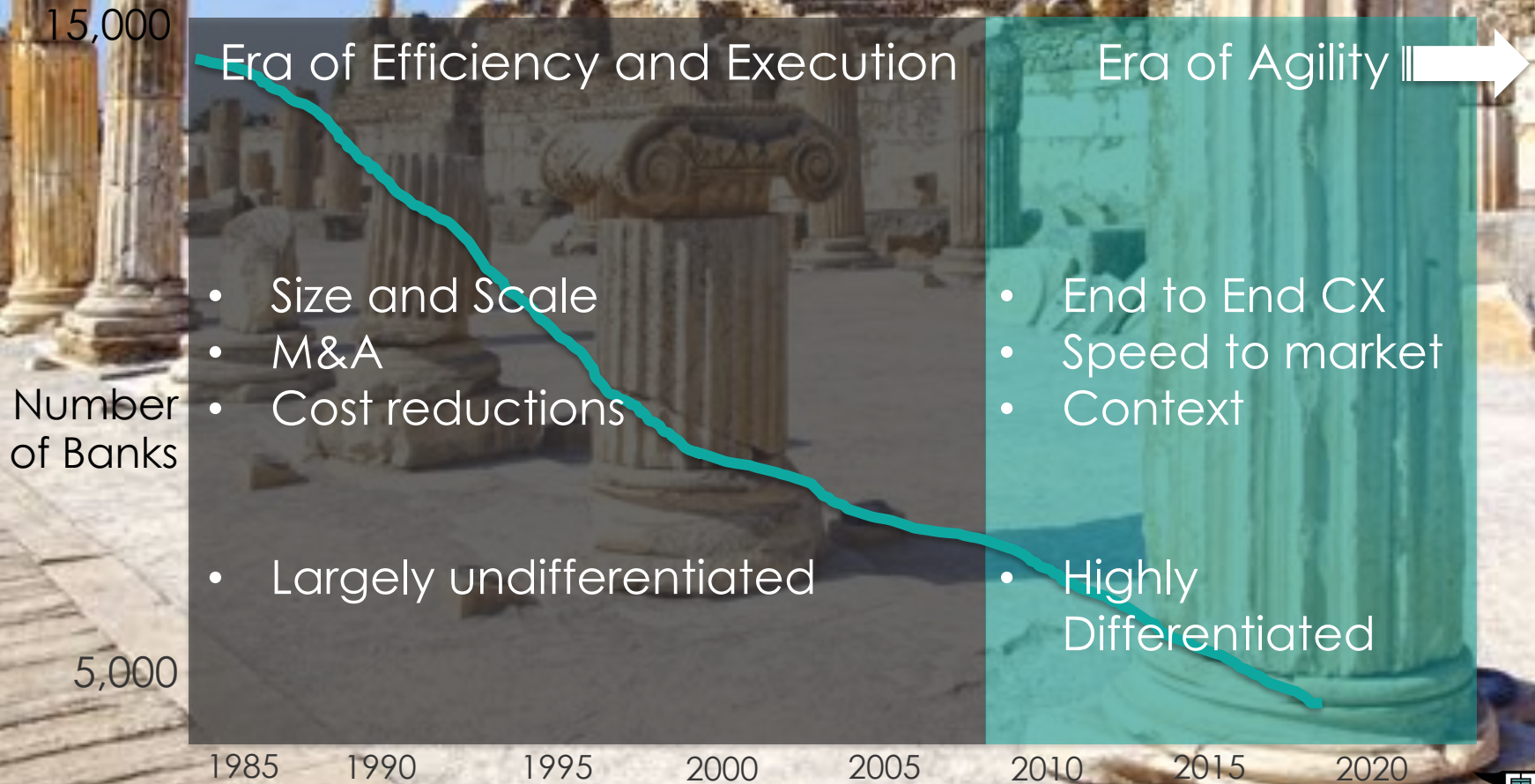
An aerial, high-angle photograph of a city street, likely in New York City, showing a grid of tall buildings and green trees. The image is dark and serves as a background for the text.

Disruption

Is already here

(It's just not widely distributed yet)

The Game Has Changed



Experience Level

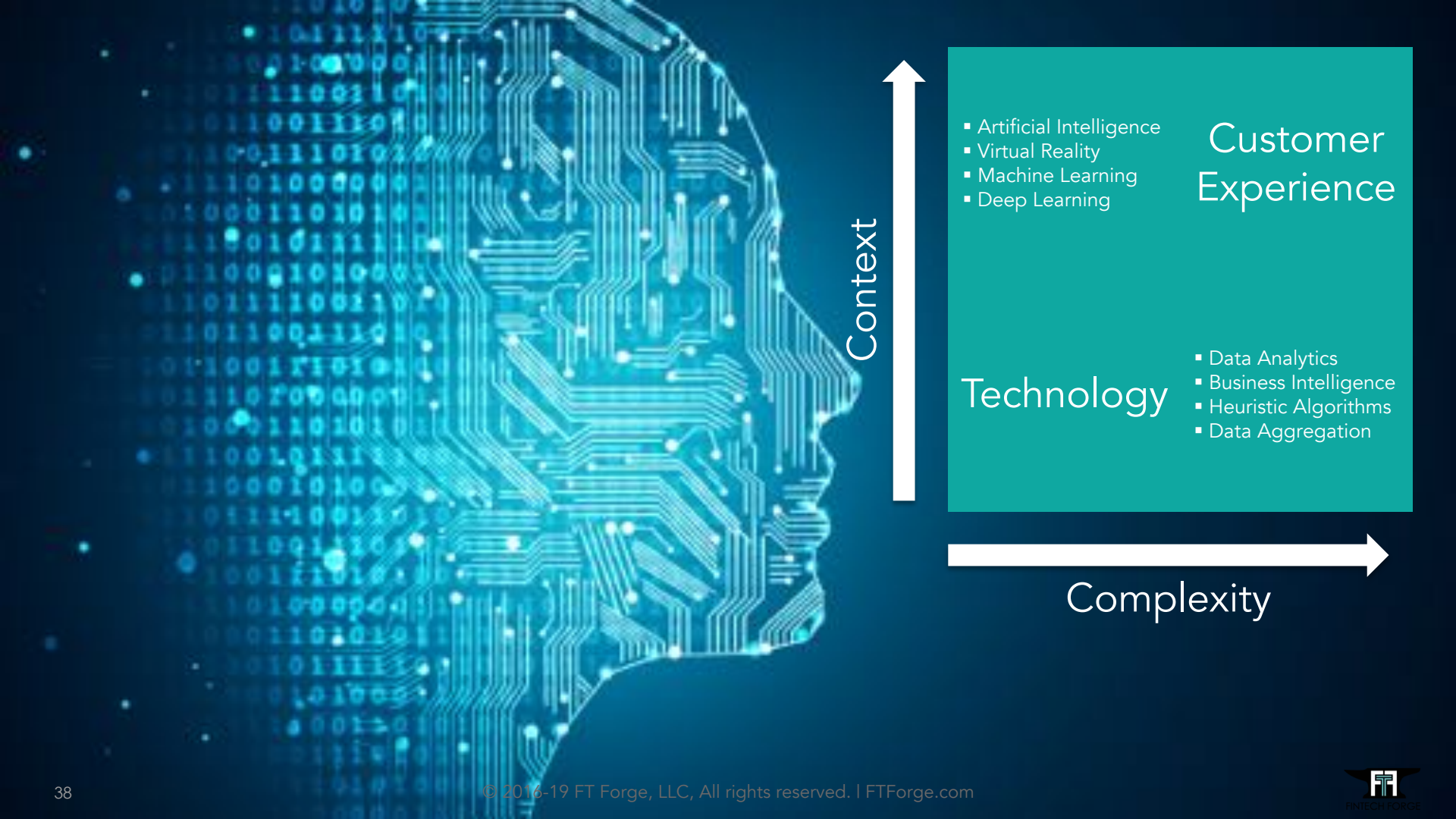
Tactical Level

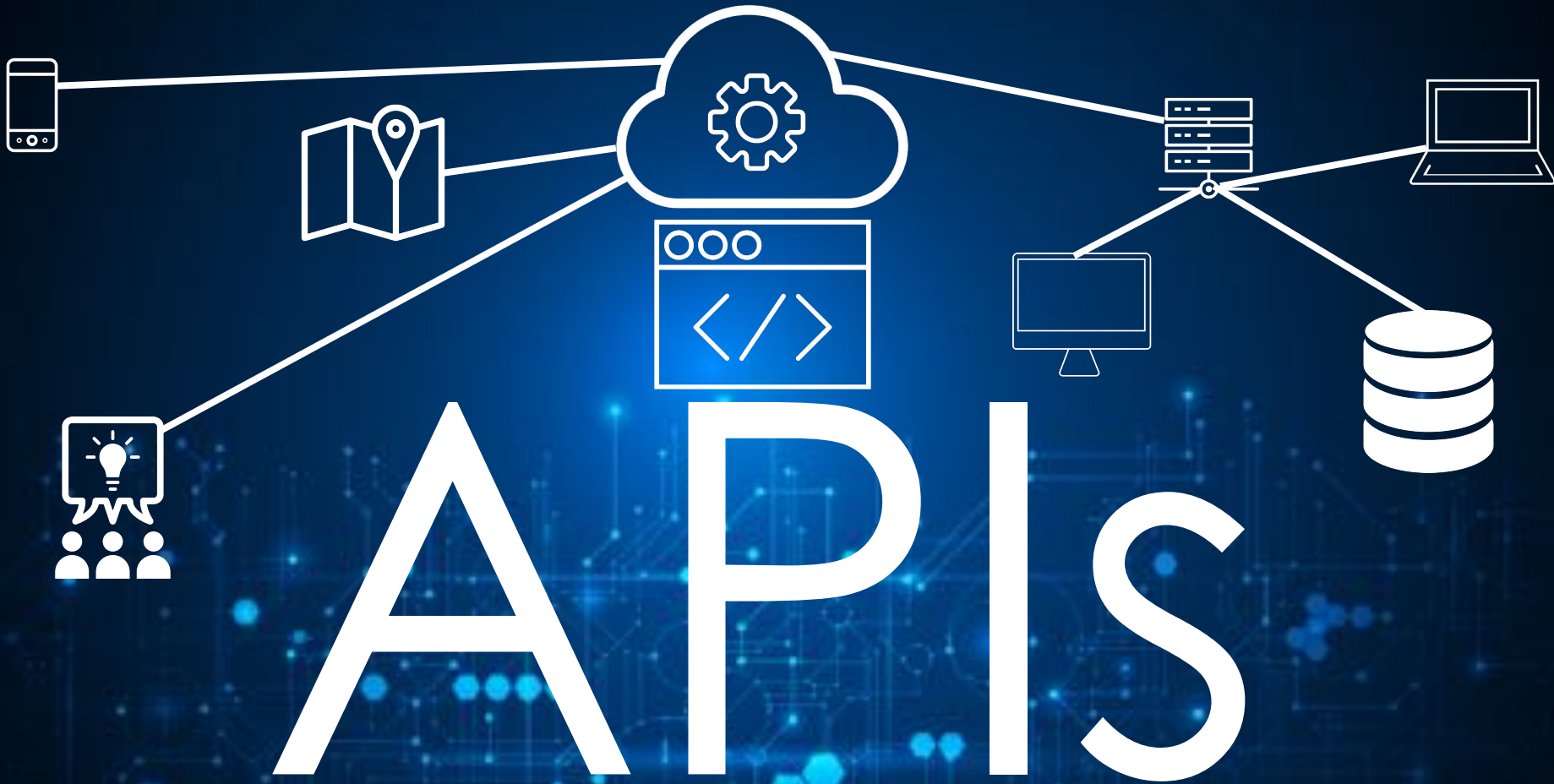
Strategic Level



AI

- Fraud detection
- Default prediction
- Contract compliance
- Market data
- Customer marketing/offers
- Transaction matching and reconciliation
- Roboadvisors

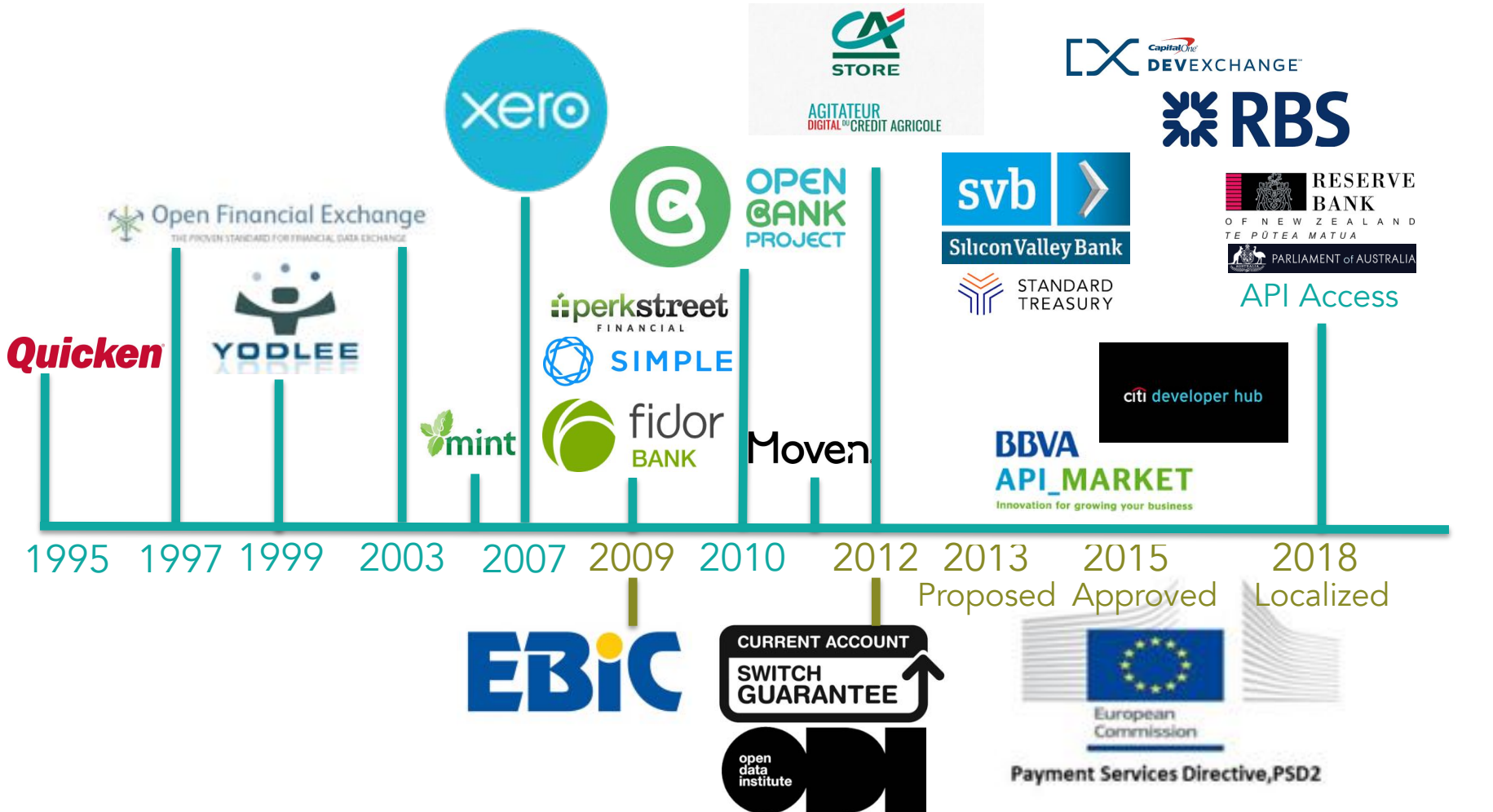








PSD2



Digital Lipstick on an Analog Pig

Declaration of Innovation™

- Why?
- Who?
- What?
- When?
- Where?
- How?



Extend
the Line



Bend
the Line



Transcend
the Line



Effectiveness:

Core Strategies & Tactics

Innovation Strategies & Tactics

The Innovation Maturity Curve

Where is your organization today?



1.Exclusion

- Efforts are non-existent
- Need for change not recognized or prioritized



2.Engagement

- Efforts are ad-hoc, informal, or inconsistent
- Change mandate may be new
- Need internal alignment



3.Emphasis

- Tackling a lot of things at once
- Often playing catch-up from underinvestment
- Need to prioritize competing projects
- Need frameworks for funding, governance, and risk management for innovation



4.Effectiveness

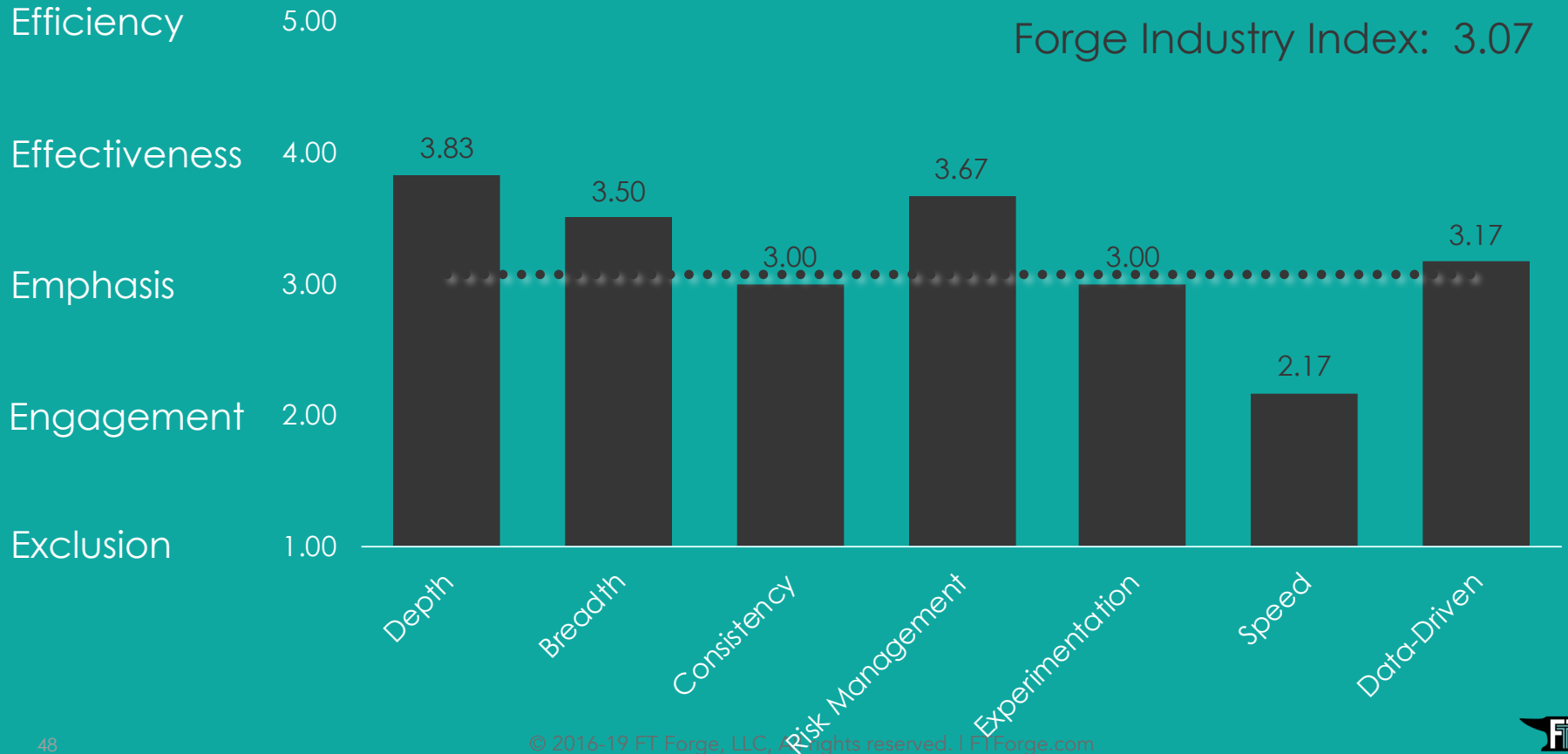
- Putting innovation into regular practice
- Current program ineffective or stalled
- Extending and defending core products/services
- Need experienced resources and curated fintech partners to get to ROI faster



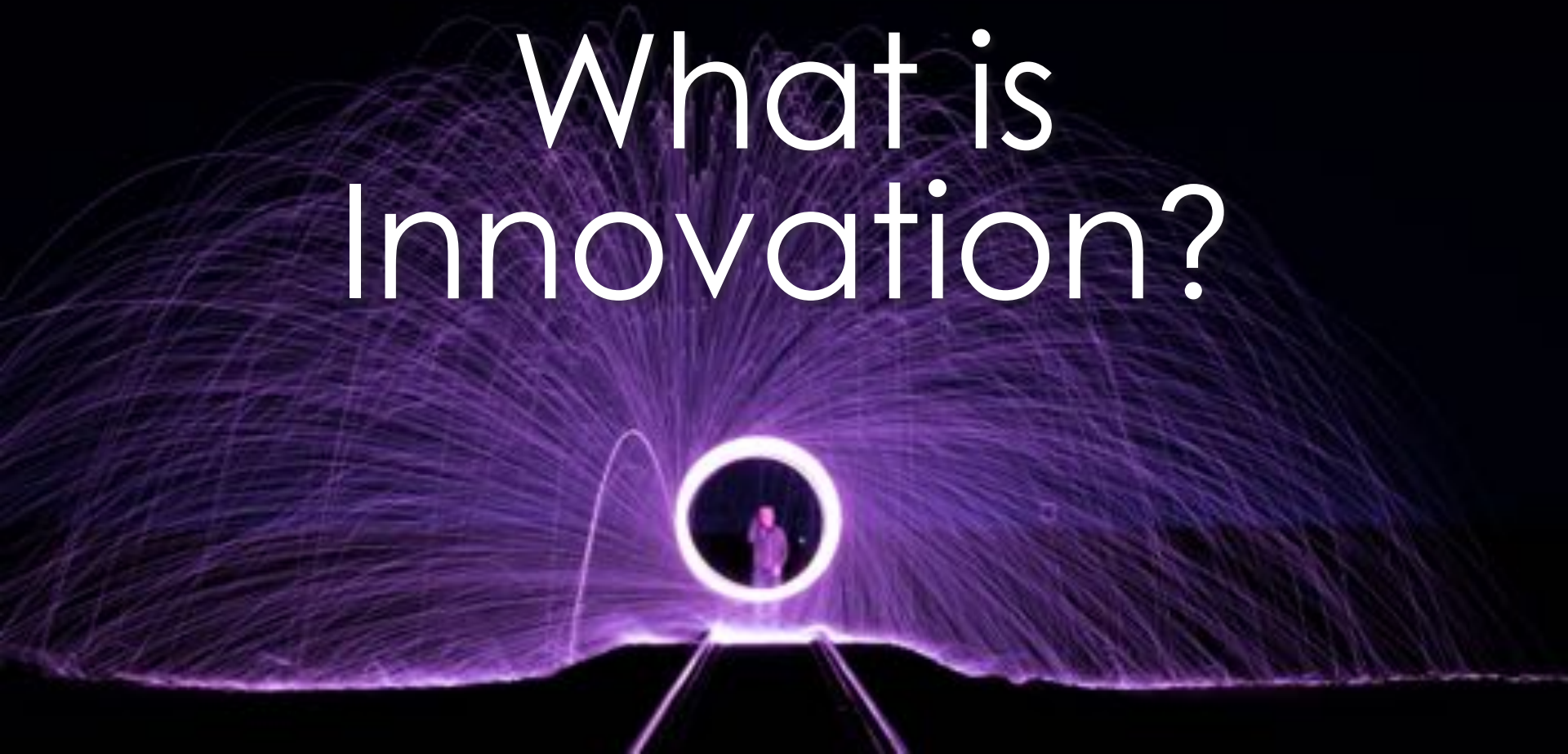
5.Efficiency


- Typically more advanced teams
- Want to focus on big strategic or proprietary ideas
- Creating viable options and building emerging businesses
- Need efficiency and network effects

Innovation Maturity



What is Innovation?



A person stands within a bright, circular light portal. From this portal, a dense, expansive cloud of fine, purple particle trails or light rays radiates outwards, filling the upper portion of the frame. The background is dark, making the purple light and the central portal stand out.

Innovation IS
implementing
new ideas that
create value

Dynamic
Fintech
Landscape



Highly
Regulated
Environment

To address these challenges, organizations need an empirical approach to value creation...

Create
Leverage



Speed and Agility



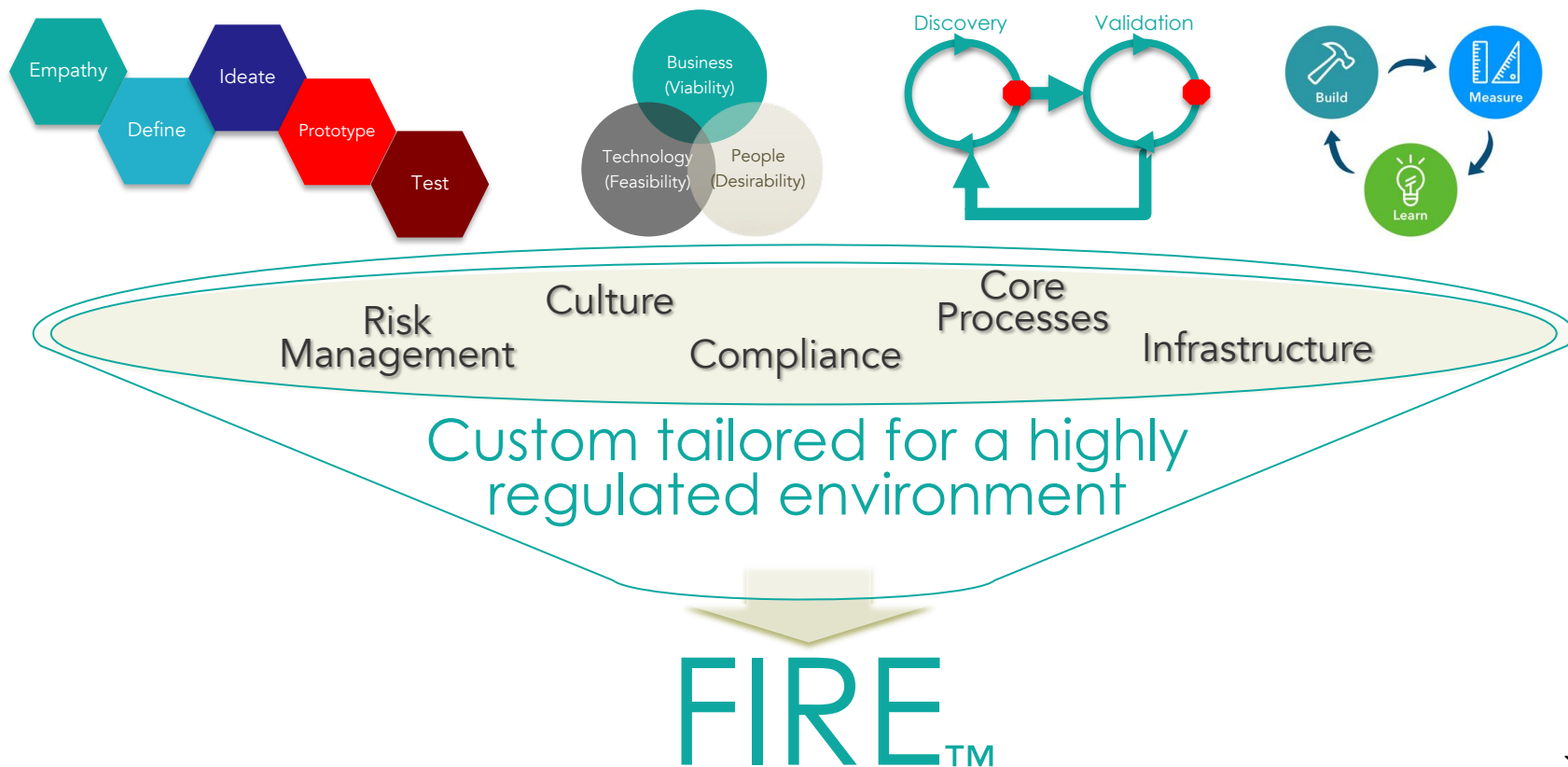
Build Internal Innovation
Capacity and Process



Keys to Success:

- Focus on strategic value
 - Ability to impact outcome
 - Leverage early insights
 - Diversification vs. big bets
- Rapid trials for quick learning and deployment
 - System for vetting and collaborating with partners
 - Network effect to reduce risks, accelerates wins
- Align with strategic priorities
 - Funding, governance, and risk management frameworks
 - Portfolio approach to balance needs, risks, and returns

Modern agile business methods



Fast Iterative Responsive Experiments

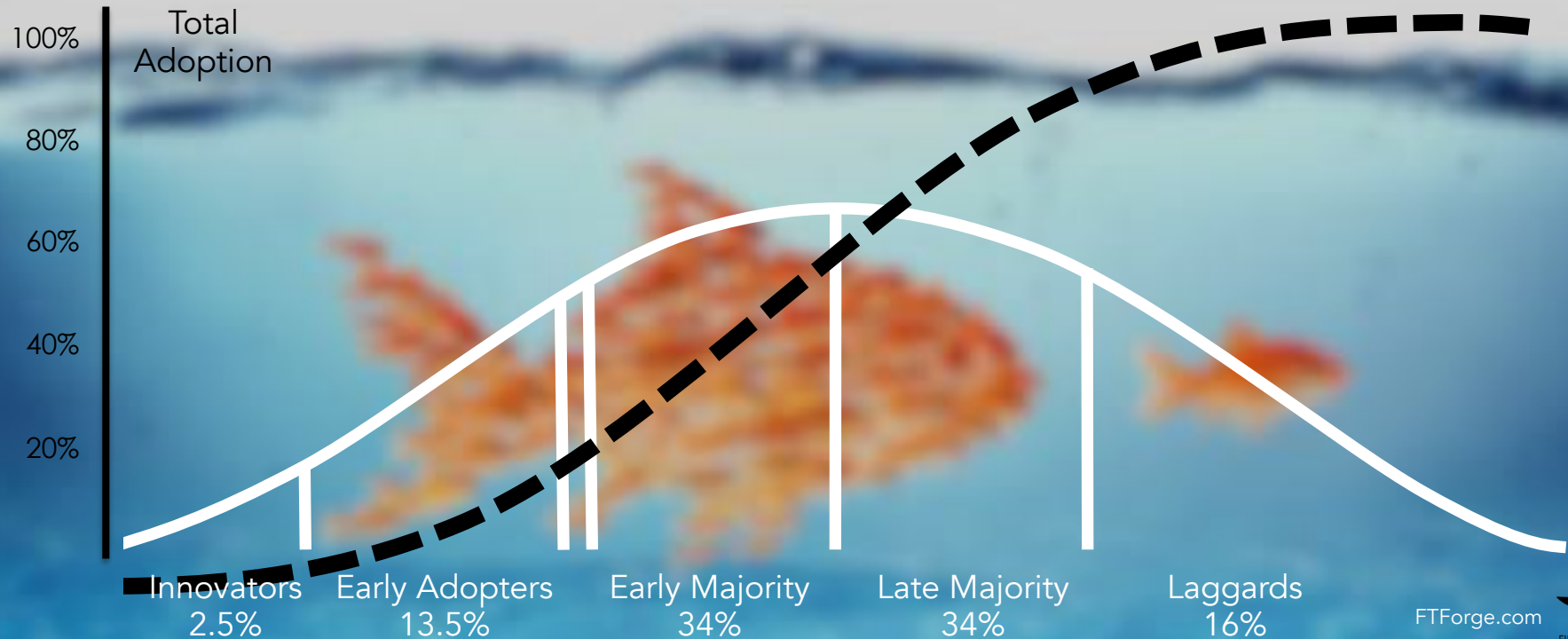
Shorten the gap between idea and results

The 'Fast Follower' Strategy Only Works if you are Actually Fast



The 'Fast Follower' Strategy

Only Works if you are Actually Fast



Fast Iterative Responsive Experiments

Shorten the gap between idea and results

Process of continuous improvement

Data drives subsequent iterations

Beware the HIPPO



Fast Iterative Responsive Experiments

Shorten the gap between idea and results

Process of continuous improvement

Data drives subsequent iterations

Structured to maximize learning



*“He tries sh*t”*

THANK YOU

A person is walking away from the viewer down a path in a forest. The trees are tall and thin, and the air is misty or foggy, creating a sense of mystery and depth. The lighting is soft and diffused.

The best way to
predict the future
is to create it.

FTForge.com/Resources

- *Innovation Atlas* - strategy maps and workbook
- Blog - Subscribe to get our *Beyond Strategic Planning* e-guide
- Background materials on modern agile business methods
- Measure your Innovation Maturity
- Information on the Alloy Labs Alliance



4 Keys to Thriving in an Era of Digital Disruption



1) Understand Your Starting Point

Know your starting point on the innovation maturity map across the 7 key dimensions for effective innovation in financial services
FTForge.com/Inventory



4.Effectiveness



5.Efficiency



3.Emphasis



1.Exclusion



2.Engagement

7 Key Dimensions:

1. Depth
2. Breadth
3. Consistency
4. Risk Management
5. Speed
6. Experimentation
7. Data Driven



2) Set the Strategic Course



Create a Declaration of Innovation™ - The Who, What, When, Where, Why, and How of your innovation strategy

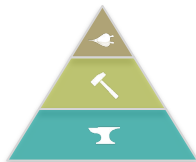
Develop an innovation portfolio aligned with your most important strategic priorities



Establish foundational frameworks for funding, governance, and risk management; develop KPIs and metrics to measure and manage success



3) Create Capacity for Innovation



Leverage Strategic Investments

Internal Acceleration Process

Foundational Frameworks

Existing Strategies & Tactics



Extend the Line



Bend the Line



Jump the Line

Innovation Strategies & Tactics



4) FIRE™ Up Your Team

Fast

Iterative

Responsive

Experiments

Shorten time between ideas and results

Continuous improvement

Data-driven iterations

Learn quickly and cheaply

Test and Learn framework bounded by risk controls

