

Texas trade group creates platform to help small banks keep up with tech

By John Reosti

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Can a social media site help stanch the flow of community banks selling themselves? Independent Bankers Association of Texas President and CEO Christopher Williston thinks his group's Bankers Helping Bankers service just might.

The IBAT is pitching Bankers Helping Bankers, which matches banks with similar technology profiles, to other trade groups, primarily state associations like itself that are affiliated with the Independent Community Bankers of America. It aims to make Bankers Helping Bankers available to every community bank in the country.

"We can unabashedly, unequivocally say we want Bankers Helping Bankers to be part of what saves community banking," Williston said in an interview. The platform's basic value proposition lies in giving bankers a straightforward, free means of evaluating technology options — a task small institutions often struggle with.

"They're tapping their data set to look at every other bank in the country that is built like them, on the same core platform, to see what they're running," Williston said. "These are the products that are actively running in banks like yours nationwide, so that question — 'What integrates [with my system]?' — gets answered."

It's a weighty question, according to Dave Mayo, CEO of FedFis, the company that provides the data that powers Bankers Helping Bankers.

"It's like a Ford wheel and a Chevy wheel," Mayo said. "There are certain things that don't bolt up. Technology is the same way. There's things that integrate and things that don't. Once you understand that integration map, it's game on."

Currently, about 75% of the nation's approximately 4,800 community banks can access Bankers Helping Bankers, according to Williston.

That banks have been consolidating at a rapid clip is beyond debate.

Laurie Havener Hunsicker, a Compass Point analyst who follows industry merger-and-acquisition activity closely, says that more than 1,200 deals were struck between 2017 and 2021. There were 4,831 federally insured banks as of the start of February, down 18% since the end of 2016, according to Federal Deposit Insurance Corp. statistics.

Technology concerns are high on the list of reasons driving consolidation, Williston said.

A seemingly straightforward project like reviewing technology options can prove challenging for a cost-conscious hometown bank that would struggle to pay a consultant yet is reluctant to approach

technology providers directly “and put themselves in the sales pipeline of every vendor in the country,” Williston said.

As a result, small banks find it hard to access the expertise necessary to evaluate their technology options, according to Mayo. “It’s been a black hole for bankers, trying to figure out technology,” he said.

FedFis spent years building a database mapping the tech stacks of every bank in the country, Mayo said. The company made it available for free through Bankers Helping Bankers, given its concerns about ongoing industry consolidation.

“Mathematically, it’s time to save community banks,” Mayo said. “If we take another five years before we start turning this thing around, we’re going to lose an incredible part of our economic supply chain.”

Once bankers locate another bank through the database that uses similar technology, Bankers Helping Bankers enables them to reach out and discuss their experiences. The site allows bankers to have discussions about fintech topics as well as their experiences with specific vendors.

While Williston did not provide any information about moves banks have made as a result of participating in Bankers Helping Bankers, the platform has helped at least one bank already.

Texas National Bank in Sweetwater participated in the design phase of Bankers Helping Bankers, and information from Williston and Mayo played a crucial role in its decision to launch a separately branded digital bank later this year, said Mike Fernandez, president and CEO of the \$171.2 million-asset institution.

“We’re a small, family-owned bank, so we don’t feel the pressure other community banks do, but that doesn’t mean we don’t aspire to be a high-performing bank,” Fernandez said. “We need to figure out how to reach more people and drive business that works for us. ... They pointed us down a path we’re excited about.”

Even so, Williston acknowledged Bankers Helping Bankers isn’t going to bring industry consolidation to a halt. His goal, rather, is to put tools in the hands of community bank CEOs that make it easier for them to weigh their options.

“You’ve got bankers out there that are like, ‘OK, I’m 100 miles behind everyone else,’ ” Williston said. “For them to come together and be able to poll the community about where they are calms down that sense of urgency.”