James Robert Lay:

Nobody wants a relationship with a brick. It's not about the brick and mortar and it's not about the computer. It's about access to people.

James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to the 58th episode of the Banking on Digital Growth podcast. Today's episode is part of the Exponential Insight series and I'm excited to welcome Ron Shevlin to the show. Ron is the Director of Research at Cornerstone Advisors and a Senior Contributor at Forbes, where he shares insights every week. And if you're not already following Ron's thinking, now is the time to do so. Welcome to the show, Ron.

Ron Shevlin:

Thanks, James Robert, and it is great to be with you.

James Robert Lay:

It is good to be with you and it is good to talk because my gosh, what a century 2020 was. As we reflect on that and really look ahead to 2021, what are you most excited and energized about right now, whether that just be personally or professionally?

Ron Shevlin:

Okay, well let's do the personal first because that's a really easy one. I've got a six month old grandson, first grandson, and I've got to tell you, it is a trip after having three daughters to have a boy in the family. It is a trip.

James Robert Lay:

Congrats.

Ron Shevlin:

And I've got to tell everybody, if I knew how great it was going to be a grandfather, I would have skipped the middle step and I would have gone straight to grandparents. 30 years of this parenting stuff was a long time. So that's an easy one on the personal front. Professionally, which I think where a lot of the listeners probably are a lot more interested in hearing about here, there's a couple things that I'm kind of really interested about. First of all is thanks to the pandemic and what happened this year, going on to 2021, there is a whole new view about digital and its importance in the banks. And you know, first of all, what are we talking about here? Digital growth. So we're kind of preaching to the choir. But it feels to me like I've been preaching this move to digital for 10 or even 15 years now, so finally, finally, I think there's more of a mindset to really make digital number one. I've never been a big fan of this sort of online first, digital first, mobile first, AI first.

Ron Shevlin:

I don't like that fill in the blank first stuff, but there's just a lot more importance being played on digital right now, which I think is good. And I hope we can get into this a little bit. I think sort of talking about the differences between digital adoption and digital transformation is important, but while we've seen huge changes in digital adoption, I don't think that means that we've seen digital transformation. So I still think there's a lot of running room for that. So that's one for sure. And another area that I'm kind of really looking forward to seeing a lot about is the banking slash Fintech partnership integration collaboration opportunities. The early talk about it was, "Oh, Fintech is going to disrupt and put the banks all out of business," and I've been harping against that for years and I think we're kind of getting to the point where both sides of the coin know this is a lot more about collaboration than it is destruction and disruption kind of stuff.

Ron Shevlin:

So those are the two hot areas and I think the third one I think we'll be tracking a lot in 2021, actually two more, one being the whole move to financial health. That's always been an important aspect, but I think it's going to get real political in 2021. I think we're going to see regulations that are going to force banks and credit unions to demonstrate their impact on financial health. And then that last topic that I'd throw in there is this slow move to embedded finance, embedded banking, embedded payments, embedded lending. It's really starting to come about. We've seen announcements in the past month from a bunch of leaders in the space, and those are the three to four areas I think are going to be kind of hot and that I'm going to be tracking in 2021.

James Robert Lay:

Well, I look forward to talking through a couple of them with you. I think you said something that was very interesting, this mindset of digital is really becoming the priority is something you've been speaking about for a long time, I've been coaching about for a long time. But I want to hit on that point of mindset, particularly when we look at the opportunities between incumbents, traditional financial brands, banks, and credit unions partnering, not competing, with Fintech because really, Fintech, I think, brings a different mindset to the space that can compliment that of the incumbent or the legacy leader. It's not one is better than the other. Each brings their own unique ability. But I want to come back to this idea of mindset and what is the mindset shift you're seeing.

Ron Shevlin:

It's careful to... pick the right words for this because in any discussion around digital growth and mindset, it's easy to throw the word branch into the discussion at some point. But I think what I've been arguing for years is that it's not about the branch as a channel, it is about how to best enable interaction between the prospect, the customer or the member, and the institution, whether it's in a sales or service type of setting or interaction or transaction. I'll give you a good example of this sort of shift and the importance of this. Back in the early 2000s, American Banker had an interview with the CEO of Commerce Bank. I'm blanking on his name, but he was a real famous guy who started the Commerce Bank in the 70s in New Jersey and in Pennsylvania. Claggett would remember his name right off the bat. It's just I'm getting to that point where I can't remember anybody's name or anything like that.

Ron Shevlin:

But they had an interview and Commerce Bank wasn't making big investments in the online channel bank in the early 2000s and American Banker asked him why and he said, and I remember this quote at least, he said, "Nobody wants a relationship with a computer." And okay, he had a point there, but I wish I could have countered that because my response is, "Nobody wants a relationship with a brick." It's not about the brick and mortar and it's not about the computer. It is about access to people. And we're going into 2021. Look at how we are interacting today. We didn't pick up the phone to do this. Your audience isn't looking at us, but we're looking at each other.

James Robert Lay:

Yeah.

Ron Shevlin:

This is a great way to interact. In fact, I can share my screen, I can show the documents, I can show the statement, I can hold up the receipt, I can do all these things. It's 2021. The better way to interact and access people in the institution is not by me getting up, driving down to the branch. It's by me getting on the computer and building, getting this interaction. So the mindset that's changing is the realization that computers don't replace the branch in terms of interaction. They supplement the ability to have access to people and facilitate that conversation. And that the face to face, the human to human interaction is absolutely important, but it doesn't have to be in a physical place with the two parties in the same room.

James Robert Lay:

Well, all I can think of, and I hear Brett King now in the back of my head, it's digital augments the branch experience in it's digital... And you even touch on this idea of digital adoption versus digital transformation and the difference with that because up to this point, from what I've seen, and I can quantify this, whenever we do a digital growth diagnostic with the financial brand, and we're typically working with a marketing team, but we get into the leadership team and some other roles just to get the perspective of digital growth, and it's very interesting that the mind always goes to, "Well, it's online banking, it's mobile banking."

James Robert Lay:

It's all over the tools and it's like we're doing all of the tools, so check, check, check, but the mindset is still rooted, historically speaking, of the what I would call the channels. And what you're saying, it's not about the channel. We should maybe be more channel agnostic. Am I hearing that correctly? And really it's all about the experience and experience being well-defined systems and processes that help get someone to a better place financially regardless of how they interact because the human experience can be delivered through the digital experience or through the real world physical experience.

Ron Shevlin:

I think we're in violent agreement. It is about the experience and the quality of the experience, and the quality of the experience encompasses a lot of different components and it involves convenience, how convenient is it to interact in that particular transaction, the quality of the resolution and outcome of that, and the quality of the ability to execute on that interaction. And that's why I think it's important to recognize the difference and distinction between digital adoption and digital transformation. Yes, a lot more people have been logging on to mobile banking as a result of the pandemic, but the back end of all of this is a lot of banks and credit unions running around and scrambling to build out the capabilities because the reality is that not all of the functionality can be executed in these digital channels. So you're not digitally transformed until... Well, you're not digitally transformed until you've done a bunch of things, not only just enabled the functionality. But listen, I would argue and I have argued that you're not digitally transformed until your core is digitally transformed.

James Robert Lay:

Yeah.

Ron Shevlin:

Second, you're not digitally transformed... I feel like Jeff Foxworthy. You might be a redneck if... Well, you might be digitally transformed is you've transformed your core. You might be digitally transformed if you've incorporated AI into all of your systems and processes. We talk about the impact of AI over time, but how can an institution say, "Oh, yes, we are fully digitally transformed" when they haven't changed the core, they haven't incorporated AI, they have not built out their data infrastructure to incorporate a lot of third party inputs, built out that data ecosystem. You might be digitally transformed if you've fully adopted, fully moved to the cloud. And they haven't. So I'm surprised when I see the survey results that say one out of five banks feel that they've fully digitally transformed. It's like, "No, you haven't."

James Robert Lay:

Yeah. Yeah, and I think this idea there's another element because I look at this particularly from the lens of digital growth and digital transformation is required for a financial brand to maximize their digital growth potential. And I look at that from the DX, the digital experience, which is made up of three sub-experience, the lead experience, the customer or the member experience, and then really the untapped opportunity for a lot of financial brands is the referral experience. Something that I can recall, you and I were on a stage for CU Water Cooler back in 2014 talking about the idea of referrals being a powerful tool for growth and acquisition. On the flip side of the equation is the human experience which is delivered through help and hope multiplied by empathy.

James Robert Lay:

But then there's a third experience that came out of 202 that really got me thinking. It's like, okay, great, we're really focused on all of this external stuff, but why are we falling behind? Why are we having trouble with this? And all I could think of, it's the employee experience. It's those who are having to deploy these digital technologies, whether it be as simple as what you and I are doing right now with recording through Zoom, I can see you, you can see me, and we're at opposite ends of the country right now, but it's a very different type of communication and conversation that someone who might have been working in the branch for 10, 15, 20 years could be a bit of a challenge. So I think we also have to think about the employee experience. What are your thoughts on that?

Ron Shevlin:

Well, I couldn't agree more that that's very important, but what you're kind of getting at, as far as I'm concerned, is going back to sort of the mindset shift. Here's an interesting, at least I hope it's an interesting kind of perspective. I'm sure people have seen the numbers. Chime has 8,000,000 customers and Varo, two, 3,000,000, and it's incredibly impressive to think about that, the growth that these challenger bank neobanks have had. It's not all perfect in their world. They've got some challenges. The challenger banks have challenges. One of their challenges is demographics. They tend to attract a lower middle income consumer that is just typically hard to make profitable. You've got to have a mix. It's great you can serve those customers, but the way most banks make money off of low middle income consumers is through overdraft.

James Robert Lay:

Yeah.

Ron Shevlin:

And that's just not a good strategy for the longterm. So that's one challenge they have. Another challenge that the challenger banks have is that they need to expand their revenue models. They come to market, say, "Oh, we have no fees. We have no this. No that." Well, it's great, but how are they making money just through interchange?

James Robert Lay:

Interchange.

Ron Shevlin:

It's a limitation, especially when they have to share that with a bank as a service provider. And number three, the VCs love to talk about how the challenger banks have such a low cost of acquisition, CAC. Nonsense. Absolutely nonsense. Chime spent 40 to $50,000,000 last year on TV advertising. Borrow is up there. Aspiration is spending money on TV advertising. They've got an increasing cost of customer acquisition. Now, let's take this view of... So three challenges that the challenger banks have. Customer demographics, the third one was the customer acquisition, and the second being the revenue. Let's take it from the perspective of a typical community based financial institution, a typical community bank or credit union. What are their challenges, James Robert?

Ron Shevlin:

Well, number one, demographics. Their customers are too old. Number two, revenue. Interest income is getting challenged. They need to find new ways of getting non-interest income. Number three, their cost of customer acquisition is increasing. Same challenges on both sides of the coin. But now, who is going to win this battle? Would you rather have young consumers who are low to middle income consumers and go from there or would you rather have old consumers and try to go? I think I'd rather start with the younger consumers and build from there. Number two, you've got new revenue. You've got revenue opportunities. Where would you rather start from? A team that has absolutely zero experience with new product development and deployment or a team that is basically all about new product development and deployment.

James Robert Lay:

Yeah.

Ron Shevlin:

And number three, your cost of acquisition. I'd rather start with the challenger banks whose mindset and capabilities are all about digital marketing. I mean, these guys, you look at what they're doing, their search marketing capabilities are strong...

James Robert Lay:

Yes.

Ron Shevlin:

Their site design is actually optimized for digital growth. Number three, you look at what a Monzo, in particular, is doing. They build online communities.
James Robert Lay:

Yes.

Ron Shevlin:

They are just so much further ahead and why, it's coming back to your point, mindset. They started from a digital mindset. We talk a lot about consumers being digital natives, but the challenger banks are digital natives from a banking perspective and I think that gives them a big advantage over the incumbents who may be sitting there with a lot of customers and members, but looking forward...

James Robert Lay:

All I can think of is as you're talking through this, comparing the challengers and the neos to the incumbents, is like an Amazon, Jeff Bezos, who started in the digital space, to where Walmart went out and acquired Jet.com and tried to bring Jet into the old legacy business models. Walmart was trying to become digital but it was bringing the digital model into the legacy model and that's created a lot of friction internally from an operation standpoint, even. Hearing you talk through this too, the idea of niche, of focusing around key market segments, and you mentioned some of the challenges for the challengers being demographics.

James Robert Lay:

But I just had on the podcast Ben Soppitt with Unify Money, and he's going after more of a high income market and he knows that there's challenges with that high income market that he's addressing, even the idea of digital communities. So there's tremendous amounts of opportunities here. Can a traditional incumbent financial brand capture some of this thinking, capture even some of this capability or even the mindset, and bring it in internally? Is there an opportunity for that?

Ron Shevlin:

Yes, because it's not all about cultural change and mindset change. It's about strategic clarity.

James Robert Lay:

Yes.

Ron Shevlin:

And alignment. And what I often tell financial institutions to do is I tell them to take what I like to call the USAA approach. Now, I actually don't think USAA thinks of it this way, but it's at least a good example. We're used to doing customer segmentation and you see customer segmentation, they often are displayed in terms of quadrants or nine square boxes kinds of things. Throw that out. Segmentation, the visual model, is a bullseye, and at the center of USAA's bullseye are active deployed military members. And they basically design everything about their business around serving the needs of the active deployed military member. Now, reality is, is that that only makes up I don't know what percentage of their total membership base, but it's not even a majority. But here's the reality, is if you conserve, if they conserve the active deployed military member, then they're probably doing a pretty good job of serving the active non-deployed military member, which is the next ring outside of the bullseye.

Ron Shevlin:

And if they can serve those people pretty well, they're probably serving the non-active non-deployed military members in the ring out of that. And if they can serve those people pretty well, they're probably serving the affiliated family members in the ring outside of that. So reality is, is from a strategic perspective, you've got to answer the question, "Who's in our bullseye and can we have more than one bullseye?" But reality is that you focus on the customers or members who are in your bullseye and build around them and then the likely thing that's going to happen is that even though you are focusing on asegment that is not that huge, you are going to get members or customers who are in the out rings of that bullseye because you're doing such a great job of serving those in the bullseye. And let me make the last point before you jump in because I can see you chomping at the bit.

Ron Shevlin:

When you look at the challenger banks that are out there, you see the big numbers for the Chime and the Varos and so forth, but if you look at the whole space, who is out there are companies like Joust that focus on gig workers. That's who's in their bullseye.Companies like Tenth, which is now being renamed Boulevard. Donald Hawkins out of Kansas city focusing on African American consumers. And it's not just every African American consumer, it's those that fit a particular profile of need. That's who's in his bullseye. You've got challenger banks coming to market focusing on disabled consumers. There's one that was just renamed. It was called B Money, I think. I don't know what they changed their name to, but they're focusing on LGBT consumers. So this niche that you talk about is spot on, but you can't just pay lip service to it. There has to be unique needs. We've seen for 15 years now the Bank for Women. Pink doesn't do it, my friend.

Ron Shevlin:

It is not what women... And in fact, many women don't have unique needs. My wife manages the finances in this household and she says, "I couldn't care less about a bank for women. I'm managing a family." But there are segments in the female population that do have unique needs and you've got to find those. So define who's in the bullseye. But that's how you make the transition, James Robert. It's about redefining the strategic focus on particular segments that you have been successful in serving. And this is why a lot of the strategic planning processes that these banks and credit unions go through drive me nuts, is because it's all like this greenfield thing of, "What are we going to do in the next five years?" Without a look back and saying, "What made us successful in the past five to 10 years? Who are we attracting and is that really who is by default in our bullseye?"

James Robert Lay:

That's right. It's who do we have, is that who we need to continue to bring in going forward, and if not, then it becomes more of that blue sky activity of, well, let's recreate or refocus and get that clarity because confusion leads to frustration. It leads to people getting stuck in what I call the cave of complacency or the circle of chaos. And having that clarity and alignment throughout the entire organization, I can think of even... You rattled off a lot of good examples. Aspiration, that's another very niche focused brand. Ramy over at Honeyfi, once again, very focused around that. But I can think of multiple financial brands that I've made this recommendation of quote unquote niching down around and the pushback is, "Well, what about people who fall outside of the bullseye?"

James Robert Lay:

This literally has come up in a conversation within the last week of a financial brand who is wanting to focus down around people who drink beer, love beer, and love the outdoors because there's a co-affinity there within this particular community. And people are like, "Well, what about people who fall outside of it?" I'm like, "You're missing the point." I love your analogy of the bullseye because when you can identify the bullseye, you can focus all of those efforts, energies around the bullseye and get the halo effect of those who kind of fall on the other elements or the rings outside of that. And maybe this brings to the next point and question I have for you, which is around the engagement crisis you've done some research around where you found seven percent of consumers are highly engaged with their primary bank and one in five are disengaged. What's the problem here and I think more importantly, why? Why is this?

Ron Shevlin:

First, let's start with the definition because I didn't just pull this... Well, I did pull the definition out of the air, but I didn't pull the numbers out of the air. This is part of the problem too. The term engagement has been popular for about 15 years or so now and it really first came about being popular from the advertising community, who was using it as a mechanism for saying, "Are consumers engaged with our advertising? Are they watching it and clicking on it?" And that was engagement. And I had always kind of thought of engagement as more of an emotional connection and an emotional demonstration. It's just because you check your account balance 15 times a week does not mean you're engaged. Turning to your bank or credit union a few times a week, a month, whatever it might be for advice on how to manage your financial life and to talk about the issues and concerns, whether it's face to face or not face to face or even using the tools, that demonstrated a greater level of engagement because of that emotional involvement or that emotional investment.

Ron Shevlin:

So it's kind of a... I'm looking at this notion of engagement from sort of this spectrum of transactional activity to more interactional activity. So in a survey that I conducted of US consumers recently, I wanted to kind of measure engagement, so I asked, "How many times do you use your bank's debit card? Are you transacting on it? How often do you use their PFM tools? How often do you turn to them for help and advice?" I think there were four or five different measures by which I was asking about behavior as well as... more so than attitude. I'm not a big fan of attitude. I don't care if you intend to refer me or not. It doesn't actually matter unless you do refer me, so it's all about behavior. I know intention to switch is really high, but guess what? Nobody does. They don't switch, they just add new accounts.

Ron Shevlin:

So the seven percent figure was based on my scoring of the level of engagement and finding that there are just so many consumers out there who are not using their primary banker credit union's debit card, do not have a credit card with their primary bank either, but are also not even using their bank's P to P tools. They're using Venmo or Square or somebody like that. They're using Credit Karma. They're using all these external tools to help them manage their financial lives and make decisions about financial life, so that seven percent are the small percent of people who are actually relying on their quote primary institution to do all these things. And then you've got that 20 percent who are basically the other end of the spectrum. They're not doing anything with their primary institution, in fact, may not be doing anything at all with anybody, but they're certainly not doing it with their primary... with who they say their primary institution is.

Ron Shevlin:

So look, you need to do a whole other show, by the way, if you haven't already on does being primary matter anymore because I think this really challenges the whole issue around what does primary mean anymore. And I think for a lot of consumers, primary is really nothing more than the place they park their paycheck. You know what I've been saying for a couple years now, that checking accounts have become paycheck motels, temporary places for people's money to stay before it moves on to bigger and better places, but even the primary account. So that's the first challenge, but I know where you want to go with this is so what? Well, the so what is when you talk about growth and upsell and cross sell and finding ways of deepending the relationship, you don't just... You don't walk into a bar, walk up to the prettiest girl you find, and go, "Let's go." It doesn't work that way and it's actually the same thing in business.

James Robert Lay:

I tried. I tried and it never worked.

Ron Shevlin:

Never works. It never works unless maybe you look like George Clooney or something at my age or I don't know the younger guys. Point is, is that there has to be this level of engagement. You need opportunities to interact and demonstrate the value you can provide and the reality even before 2020 was you couldn't have enough [inaudible 00:30:08] by getting people to come into the branch. You had to get the [inaudible 00:30:13] through digital engagement. So 2020 only put the lid on that, recognizing you're not going to go back. You're not going to go back to the point where you can drive enough people to the branch on a regular enough basis to have the [inaudible 00:30:30] and the level of interaction you need to develop engagement and a relationship.

James Robert Lay:

Yeah. Hearing you talk through this, this idea of the transaction, that's the, once again, that's what I would consider the legacy mindset. The opportunity going forward is to really double down operationally speaking, strategically speaking, is to put the transformation of people over the transaction of dollars and cents, which is another area that you've been focused on, this idea of financial health, financial wellbeing. And I'm very intrigued by what you've been advocating for for a couple years now, is financial health scores.

Ron Shevlin:

Yeah. So let's go back to the financial health problem and the financial health perspective. First of all, and again, it all comes back to mindset, right? It's what's your perspective on the problem and the traditional perspective of the financial health problem is that people aren't financially literate and so that causes them to financial problems and therefore leads to poor financial health. That's a wrong way of thinking about it. I am a mechanical illiterate. I know jack you-know-what about my car, but I'm a pretty good driver, at least in terms of safety and tickets. I don't need to be mechanically literate to be a good driver. We do not need to be financially literate to have good financial health. We need to have good financial behaviors.

James Robert Lay:

Yes.

Ron Shevlin:

Once again, this comes back to behaviors. You need to have discipline and behaviors. So first of all, we've got to get off the stick thinking that raising the level of financial literacy is going to have any impact on financial health. Number two, we need to have some way of understanding the scope or the depth of the problem. And look, just because you only make 40 or $50,000 a year does not mean your financial health is worse than somebody who makes $150,000 a year.

James Robert Lay:

Very true.

Ron Shevlin:

Okay? There are plenty of people I know who are in the low to middle income level who have the discipline and the lifestyle that they're okay and I know people who make $150,000 that do not spend responsibly. So we have to look at financial health, first of all, out of the context of income, more in the context of behavior, but most importantly, in the context of a spectrum where at one end... It's about performance, actually, not health. It's low performance to high performance. But when you're at the low end, you tend to think about it as health, and at the high end, it's performance. But again, there is a parallel to sort of the physical world here.

Ron Shevlin:

At my age, I'm not going to qualify for any Olympics the next time they do it. I'm not in bad physical health, but I'm not at the other end of the spectrum where I'm anywhere close to being an elite athlete. Elite athletes aren't worried about physical health. They're in great health. They worry about optimizing performance, but it's still a spectrum. At some point, you're out of the poor financial health range and you may not be at high performance, but you're moving in that direction.

James Robert Lay:

You're wanting to learn how to do even better.

Ron Shevlin:

Right. It's optimization.

James Robert Lay:

Yes.

Ron Shevlin:

And maximization. So financial health is not this binary, "You have health or you don't have health." It's a spectrum and we need a way to understand where somebody is at on that spectrum, which is why the score becomes so important and it's why the credit score doesn't cut it because it doesn't measure financial health. It simply measures on aspect of it, which is credit worthiness. And I think the reality too is that much like physical health, where you don't have a single score, you have thousands of scores.

James Robert Lay:

Yes.

Ron Shevlin:

You're going to the lab, take that drop of blood, and they come back with more scores than you could possibly ever imagine. And trust me, I know this now thanks to my health portal to see all these scores that they calculate. Well, we need something at least towards that. We don't need 1,000 scores, but we probably need five or six scores that measure not just our credit worthiness, but how well are we doing from a savings perspective, how well are we doing from a spending perspective, how well are we doing from a protection and security perspective. There's all these different aspects of our financial lives that are not being measured and scored and it is not about literacy. Don't even bring that up in conversation with me. I'll go off the deep end.

James Robert Lay:

Well, financial literacy, I've been reading a lot of research recently, how it could be doing a lot more. And this is coming from financial advisors who think financial literacy is doing more harm than good because it's giving people a sense of pseudo confidence that, "Oh, I know what I know." But coming back to the healthcare perspective, I can go to Google, and how many of us have done this? We get symptomatic, we go to Doctor Google, we Google our symptoms and then we diagnose ourself with the most godawful horrible disease and then you're like, "You know what? It's probably not the case. Let me call the real doctor." And then go in and get his perspective, get his advice, and I think this is the key, get his expertise to point us in the right direction of the actions and behaviors that we need to take to make ourselves feel even better.

Ron Shevlin:

Right. But to carry on that analogy, what's one of the first things the doctor does? He says, "Go get a test."

James Robert Lay:

Diagnosis.

Ron Shevlin:

Go to the lab and they base it on your scores across a range of things and then figure it out. And in the financial world, we're nowhere even close to doing that, although I really give kudos to the financial health networks of the world and there are some other players trying to create these scores. But we're just so far away from really incorporating that and institutionalizing it. As I mentioned earlier, I think there's a bunch of stuff that's going to happen in the next few years that's going to accelerate that. For years, we've had CRA in which the regulations have required financial institutions to prove the impact they've had in the community. Well, there's been two problems with that, or there are now two problems with that. One is it's strictly focused on a lending perspective and not anything broader than that and then second of all, what community is Chime in with 8,000,000 customers? What community is SoFi? The notion of community-

James Robert Lay:

Has changed.

Ron Shevlin:

As a geographical construct is out the window. So that's going to change. So what are the Elizabeth Warren's of the world going to advocate for here is that you've got to prove, financial institutions, that you are having a positive impact on consumers' financial health wherever they live and more than just simply that you're investing and lending in those places. You've got to prove this. So how are you going to be able to prove that you've had a positive impact on your customers or members financial health? By widely accepted health score or set of scores that are accepted by the industry so that you can measure and say, "Okay, we've got 1,000,000 members in our credit union and on average, they are at a 73.5 and in the past year, we upped that to 76.5, so get off my back, regulators. See, we're having a positive impact on the community."

James Robert Lay:

Progress-

Ron Shevlin:

And you know what else happens after that? It becomes the marketing tool. It becomes the tool that says, "Hey, consumers, look at us. We've helped our members or customers improve their financial health score by five, 10 percent." And just like the investment world, where they said past results don't... They'll have the same caveats and things like that, but financial health will become the marketing tool for financial institutions.

James Robert Lay:

It's about quantification and making the end tangible, of money and even of digital, it begins to make it tangible because I can prove the progress that I'm making. It's not necessarily about perfection. It's about progress, not perfection. Something that I say over and over again with those that I coach, particularly at the leadership level, because they're looking for this perfect thing and I'm like, "Well, you've got to crawl, you've got to walk, and then you can run and then you can run the marathon," and then to your point, "then you can go and join the Olympics." So as we wrap this up, and what a great conversation this has been, thank you so much, I want to end on a final thought from you. As we look ahead into 2021, and we've covered a lot in this spectrum, but if we can distill this down, the biggest opportunity advise insight for others in the banking space to create or capture. If we could just, one thing that I have to focus on, what would that one thing be?

Ron Shevlin:

Okay, the answer is two words. I can get it down to two words and ironically, it's nothing we've actually talked about in the past hour. Ready? Small business. Small business is what's hurting right now. Every aspect, there's just the opportunity space among small businesses, not just from the bank account or a lending perspective, but in terms of payments, invoicing, accounting. Up and down the line of their business, they are so hungry for help and assistance and the need for it that banks could be providing, credit unions could be providing. Small business, huge, huge, opportunity for 2021 and beyond.

James Robert Lay:

Absolutely. I can think of a podcast, an interview that I did with Seth Siegel-Gardner, who was one of the top chefs here in Houston, closed down his restaurant to pass some provisions. Amazing, amazing place and then he moved out to Marfa, Texas, I want to say it was last year, and started a little place called Para Llevar. It's Spanish and I butchered it. I barely passed high school Spanish. But it means "to go" and when we are talking about this, the challenges that small business, particularly in the service business, they're looking for a lot of help and they're looking for a lot of hope, so yeah. We haven't talked about... We need to that. We need to come back and have this conversation later this year and talk about what does that look like and what some of the progress has been because it's one that I do see as really an amount of opportunity because that small business, it's the backbone of the community right there.

James Robert Lay:

The small business goes, then everything else kind of starts to crumble and fall away. So we're totally aligned on that. Listen, Ron, thank you so much for this conversation. I do appreciate it. Anyone listening wants to connect with you, wants to continue this conversation, what's the best way for them to reach out and say hello to you?

Ron Shevlin:

At Rshevlin, S-H-E-V-L-I-N, on Twitter is the best way or get me on LinkedIn. Both those channels I'm on. Don't bother with Facebook. I'm never on Facebook, but Twitter and LinkedIn, great places to be. And if I can, please check out the Fintech Snark Tank on Forbes.

James Robert Lay:

Absolutely. Fintech Snark Tank on Forbes, LinkedIn, Twitter. Not on Facebook, or as my wife refers to it, FaceWaste. So as always and until next time, be well, do good, and wash your hands.