



The Benefits of Innovation

I just finished up a series of 10 innovation workshops across all locations of First National Bankers Bank (FNBB). Virtually every employee was introduced to the essential concepts of how to open up their minds to get creative, about identifying and solving problems, working together in cross functional groups, problem solving and even how to properly conduct a brainstorming session. By all accounts, it was a lot of fun too.

My name is David Peterson and beginning on October 1st, I became FNBB's Chief Innovation Officer. As a part of the ongoing effort for continuous improvement across multiple core values, the executive leadership of FNBB wanted to not just pay lip service to innovation but go all in and make it an integral part of the very fabric of who we are as a correspondent financial institution.

The future of banking lies in innovation. Customer demographics are changing and tomorrow's customers will not bank like their parents and grandparents did. While many financial institutions are hesitant to move aggressively with innovation initiatives, there are many competitors, few who are themselves FIs who are willing to aggressively go after the millennials and Gen Zs and their unique banking needs. FNBB has a keen interest in seeing that the future for community institutions is strong and is committed to innovation for the future benefit of our customers and shareholders.

So What Are the Benefits of Innovation?

I recently was reviewing an article from entrepreneurship-in-a-box. You can find the full article here <https://www.entrepreneurshipinbox.com/8479/6-reasons-you-should-invest-in-innovation/>. The article is focused on the benefits of innovation. I have seen many such lists but was struck that this one had unique application to the challenge that FIs face at this moment in time. Let's examine 6 Reasons You Should Innovate:

1. **Innovation will bring new business potential energy into your company.** You may not recognize this term, business potential energy. It is all about increasing the performance of your financial institution. Everything new can bring additional fresh business potential energy into your company. New innovative products, services, or innovation in how you provide customer experiences will differentiate your company from the others on the market that will bring additional potential of your small business. Every time you bring something new besides banking like its 1979, it will increase your business potential energy.
2. **Innovation will enable growth of your FI.** Innovation in new products, services, processes, or business model likely translate directly into new customer acquisition and overall growth. These innovations can bring expansions on new market, new customers segment, additional revenue stream, and more profitability. Without innovation you will continue to work in the same way, even your current customers and potential customers want something more, something still unexpected, and something

better for them. Remember, younger potential customers are looking for entities that they believe have the same attitude towards how future financial services will be consumed.

3. **Innovation will make your company a more efficient company.** If your FI invests and uses innovation as “business as usual”, then you are continuously working on improvement of your current processes and implements totally new processes in order to become more efficient. And these improvements and innovations are noticed by existing and future customers. They are looking for innovation leadership, will you take up that mantle?

4. **Innovation will help you in creating an innovative brand for your company.** Think for the moment about the companies that have left a strong impression on you. Who they are? What they are doing? Why they impressed you? Answer these questions and you can see that their innovativeness is something that lies deep inside their success in impressing people like you. Innovative companies attract media, people talk about their innovation and share their high impression with other people.

5. **Innovation will help your company in attracting more customers.** Each word and each sentence that comes from the individuals outside your company distributes high level of trust and reputation in the same time creating high level of attraction for your company. When you innovate products and services that bring value to your customers, you can't stop other people to talk about you, your company and your innovations. Getting younger potential customers talking positively about you on social media is the holy grail of marketing vibe you need to grab market share.

6. **Innovation will help your company in attracting better workforce.** Everyone wants to work for someone who brings a deep imprint on the world in which we live. Your innovativeness will not only improve your FI or help you in growing, but it will also help you in attracting a really powerful workforce who will help you in expanding and improving everything that you are doing now. Think about it this way, why would millennials and Gen Zs be excited about banking with you if there are no employees that look and talk like them?

This is by no means a comprehensive list. But as I consider the many challenges that bankers face in the coming years, I believe that there needs to be a commitment on behalf of community financial institutions to move towards innovative ideas for how banking will be conducted in the future. This drive for innovation would encompass the branch, lending, payments and so much more. FNBB is committed to continuous innovation to be in a better position to provide you “service beyond comparison”. And you'll start seeing the results of our internal focus on innovation in the coming months. But we are also interested in supporting you in your innovation initiatives. Let us know what you are working on.

Let's get innovative!!