

# Embracing Risk Strategically



By: Lenn Freeman | Genesys Technology Group, LLC | [lenn@genesystg.com](mailto:lenn@genesystg.com)

**Legacy Systems**

**Cloud**

**Digital Brand**

**FinTech**

## What's in your news-feed?

**Real-time**

**APIs**

**BaaS**

**Crypto**





## Lenn's Happy Place

### Relax....

You can't do it all.

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The pieces to the puzzle are right in front of you.

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In your bank.

Today is about small shifts in...

- :: thinking
- :: culture
- :: execution

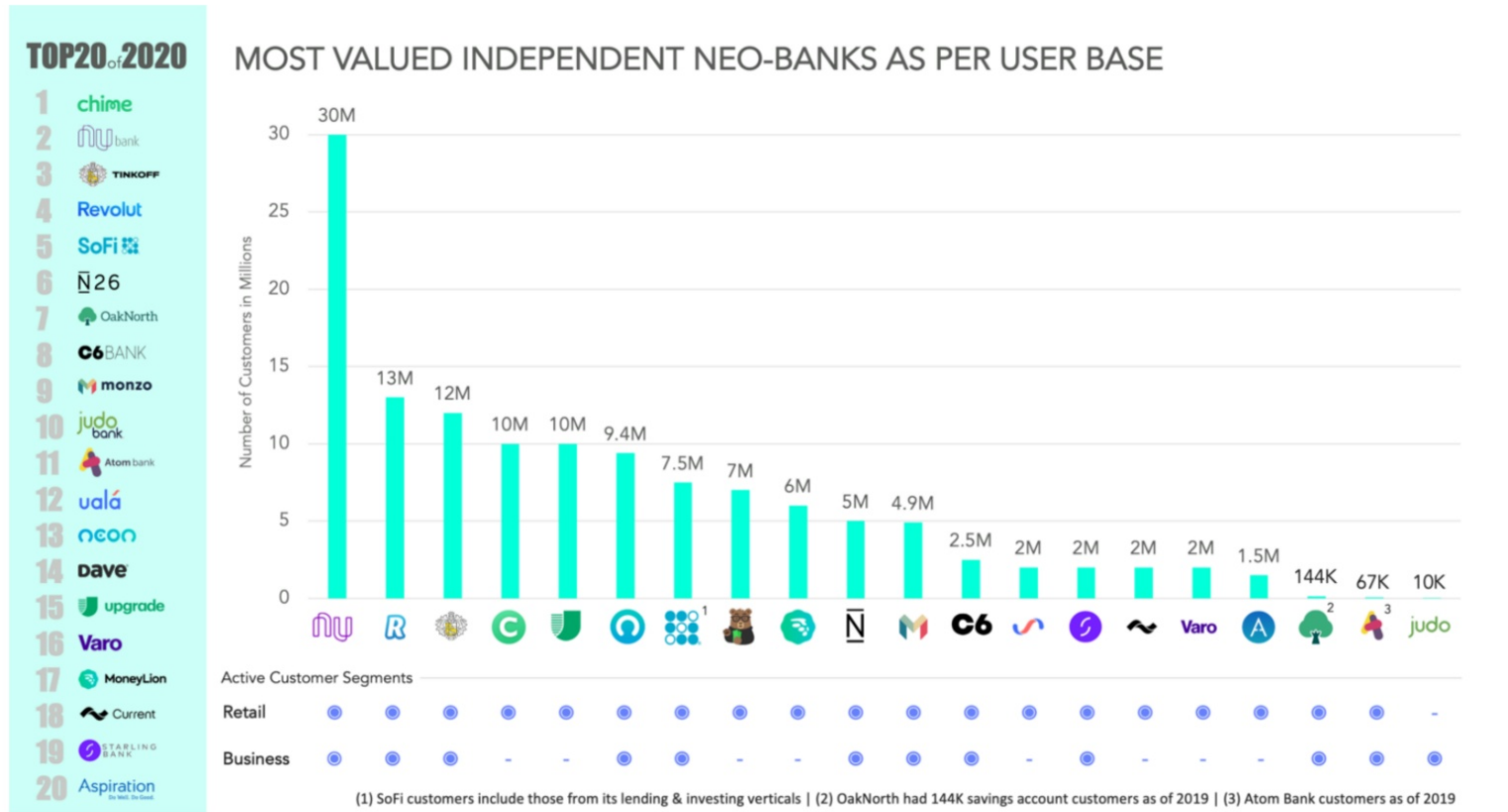
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# Rise of the NeoBanks

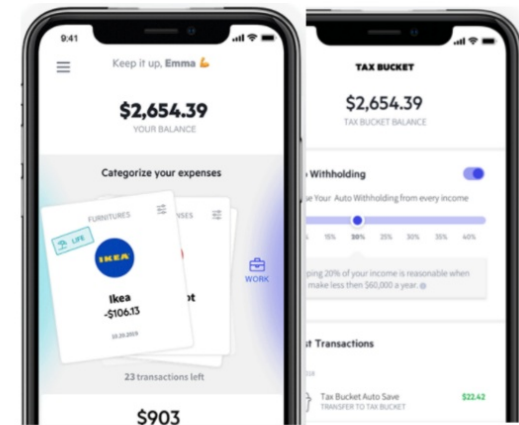




57 Million  
Americans

\$1 Trillion in  
Income

# The Freelance Niche

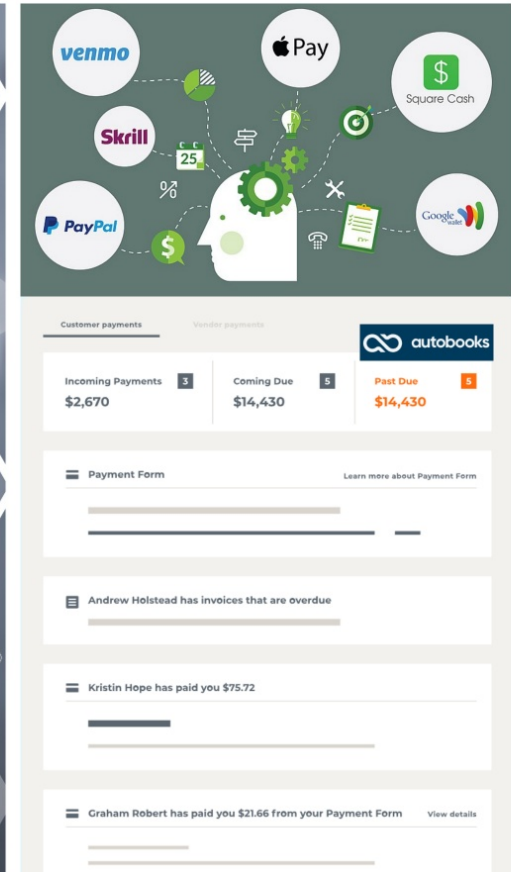


# The Freelance Niche





# The Freelance Niche





# Challenge the Challengers



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# Traditional Thinking







- Take inventory | Build your team
- Decision-making process
- Challenge engrained thinking
- Discuss fears
- Failure is acceptable
- Empower
- Identify detractors

# Cultural Shift

# The Innovation Officer





# The Innovation Committee



Focus Groups



Reward  
Creativity



Design Your  
Message



Spread the  
Word

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Be realistic with the resources you have



# You're Different

**Just embrace it.**  
**You be you.**

Who do we want to attract ::

What is our success metric ::

Revenue :

Loyalty :

What is the best marketing vehicle ::

What is our threshold for failure ::

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You have everything you need  
right in your bank.

- ✓ Proven Model
- ✓ Strengths
- ✓ Weaknesses
- ✓ Key Niches
- ✓ Brick and Mortar
- ✓ Years of Data
- ✓ Wins/Losses

Get better at what you know before  
you get outside the box.



::::: What's Your Niche :::::

Retail    Boomers    Commercial    Minorities    Construction    LGBTQ    Students  
Agriculture    Gen X    Millennials    Under-Banked    Gen Z    Non-Profit  
Automotive    Digital ONLY



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# Bill Negotiation Services







# Identity Protection







## WHY DO BABY BOOMERS MATTER?

76 Million Americans are Baby Boomers <sup>1</sup>

### LOYAL AND ACTIVE CONSUMERS

83%  
of U.S. News Boomers  
conduct  
research online before making  
a major offline purchase <sup>2</sup>



72%  
of adults age 55-63 shop online <sup>3</sup>



55%  
of U.S. News Boomers  
remain loyal to brands they like <sup>4</sup>



55%  
of consumer packaged goods sales  
are made by Boomers <sup>5</sup>

### BOOMERS ARE FISCALLY FIT

57%  
of U.S. News Boomers  
say Funding Retirement  
is one of their top  
financial concerns <sup>6</sup>



80%  
of Boomers have retirement savings <sup>7</sup>



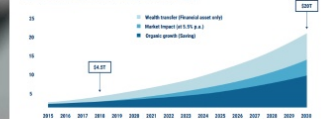
Boomers are more than **2x**  
as likely to be highly confident in  
their retirement plans if using a  
financial advisor <sup>8</sup>

Source: US News & World Report

## Winning the next generation of investors.

*"Fintech start-ups have successfully acquired them... incumbents can strike back"*

THEY MAY NOT BE ABLE TO AFFORD IT TODAY BUT:  
By 2030, millennials will hold 5x as much wealth  
Forecasted total financial assets held by millennials in (\$T)



Source: CB Insights





# The FinWell Account





**FROM**  
is a good thing.

## Keeping Gen Z happy

Challenger banks' apps for young people generally go beyond what banks typically offer in their apps

Basic offerings	Next-level features
Customizable cards	Financial education
Specialized savings mechanisms	Charitable giving
Allowance and chore tracking	Investing
Parental controls and alerts	Credit building

Source: American Banker

is a good thing.

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# Four Key Areas of Risk

- Regulatory Risk
- Reputational Risk
- Financial Risk
- Cultural Risk



# What to Ask...

- Who owns the customer? The Bank or the Fintech?
- Where are service calls going?
- Is development work happening outside the US
- Where is the data stored?
- How do they track customer complaints?
- What is the escalation path and communication protocol?
- Have you review at least two-years of board minutes that show they've discussed compliance considerations?



# What to Ask...

- Will a short-term contract be considered with penalties for non-performance?
- Is the Fintech owned by a family that may have issues in the future?
- What is the strategy of the founders? Are they looking for a quick exit or long-term commitment?
- Do they have prior compliance infractions or negative press?
- Have you reviewed the FFIEC handbook?
- Ask your friends and colleagues... use your network and research, research, research.

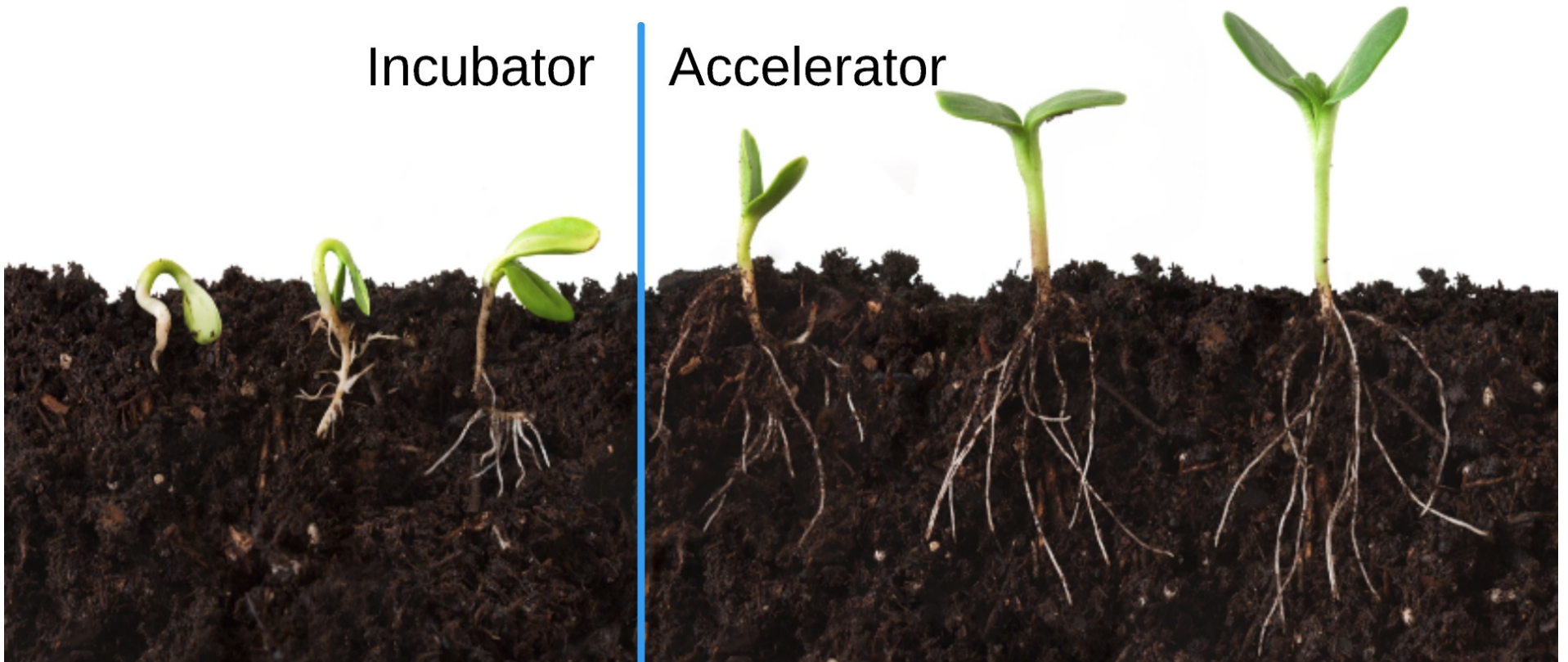




# Resources

Incubator

Accelerator



# Resources



## **ABA Position**

ABA supports policies that encourage responsible innovation in financial services both at banks and startups. We support policies that empower banks to innovate and partner with startups to deliver customers the innovative financial services they love while ensuring they get the protections they deserve.

Source: [aba.com/advocacy/our-issues/fintech-policy](http://aba.com/advocacy/our-issues/fintech-policy)



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Lenn Freeman | EVP Core Services | Genesys Technology Group, LLC | [lenn@genesystg.com](mailto:lenn@genesystg.com)

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