

The Story of Creating The Digital Community Bank of Tomorrow

Frequently with technology, a clean slate is the best place to begin. That has certainly been true with the formation of Agility Bank.

Let's take a step back. When Lauren Sparks began to think seriously about forming a bank, it was pre-Covid and banks were lumbering into the digital world—some more quickly than others. The big banks who were early adopters of technology were wrestling with legacy systems. Many regional banks that had grown through mergers or acquisitions were grappling with how to take systems that had been bolted together and make them function as a whole. Community banks were caught with little resources—or inclination—to venture far into technology because their clients didn't seem particularly interested and things were fine as they were.

Lauren, the visionary behind Agility, knew that there had to be a better way for clients—and the bank. She also knew that for a new bank coming to market in 2022, developing home-grown technology would be expensive and time consuming. Coding new systems seemed overwhelming.

But what if you took the best in the burgeoning fintech community and built a technology “stack” that would put clients first? No expensive coding, there were plenty of fintech companies eager to partner and innovate with her, and it certainly was a quicker—and safer—way to get a bank off the ground.

That's what has happened in the buildout of Agility Bank. It has taken the best of what technology companies have to offer and molded those financial solutions to grow the digital commercial community bank of the future. Keefe Bruyette Woods, an international financial investment bank, recognized the value of this approach in a recent study. Their researchers noted that start up banks with no legacy systems or ingrained cultures had a leg up in the industry. These banks are beginning with the *intent* of being digital and ultimately their efficiency ratios would be lower, and in banking jargon, that is better one time that lower is better. Banks are judged by investors in large measure by these ratios which simply tell how much they have to spend to make a dollar.

The buildout began from the ground up. In a nutshell, there are two primary systems, one for deposits and one for loans. Added to these are a variety of client-serving options to make their business lives easier, more efficient, and even more cost effective. The “stack” was born.

Agility is a primarily *commercial* community bank that will flourish serving small and mid-size businesses with an emphasis on those owned by women and other minorities. Therefore, the significance of a quick and responsive loan system took center stage. A partnership was struck with a 10-year-old fintech that actually spun off from a mid-size bank to process their loans under \$500,000. Taking a fairly uncomplicated application, the system processes a loan through an algorithm of over 30 key information sources—for example, credit reports, IRS records, and other available business-related information—as well as Agility's loan policies. The system then provides a response—typically in less than two hours. Not bad use of time for a small business person who doesn't have to run around securing paperwork, then pays far less in fees, and

finally can get a quick response. For those loans that are more challenging underwriting, Agility is committed to working with the business owners to find solutions to help them become bankable. Agility to Business, or A2B Loan Express as we call it, has come to life. Larger loans will be handled in a more traditional manner but with bankers intent on making the process as efficient and easy on the client as possible. It's an ingrained value.

For deposits, Agility looked for a core banking system for all the bank's transactions that could be flexible and pivot, and one that wouldn't have to be coaxed to accommodate the addition of new solutions or services as they become available. Agility's goal is to be ahead of the curve and already DCI's iCore360 has pivoted with us. Plus, the CEO and much of the executive team are females who are as anxious as we were to get this bank off the ground.

Briefly, DCI iCore360 enables the bank to manage every relationship and transaction in ways that integrate internal processes with client activity. It also enables team members to analyze data and provide informed decisions. There was no specialized equipment or software to purchase, install and maintain. We just needed a computer and a web browser. The platform is built on the leading, most secure database available and has stringent security requirements including multiple authentications, as well as detailed, searchable multi-level auditing. All in all, an agile, smart partner with a keen eye to facilitate the future growth of a new and unique financial institution.

The capabilities of these two systems—loans and deposits—are table stakes. A bank has to have them and they have to be stable and secure.

But Lauren's vision called for more and her experience as a business owner demanded it. Knowing that owners of today's small and mid-size companies are stretched thin, she took the position that anything a bank can do to aid their growth and ease their work load is worth providing. Thus, this new bank's stack has grown to include an array of services and products.

"As a person who has owned a small business for over a decade, I would have welcomed an eco-system built around me to help run my company and free up my time to grow the business," noted Sparks whose company provides risk management support for community banks.

Believing that communication is key, the Agility team determined to be anywhere the business owner is—on tablets or phones, online, or face-to-face—again, table stakes. But here are several tools that will be available to the bank's clients through any of these devices:

- **Glia** – A collaborative gateway to the bank that offers encrypted conversations with bankers. Some call it the next generation of video banking because it can combine using video, chat, or any preferred channel. A key value in Agility's founding is to ensure savvy bankers are available face-to-face and develop a real relationship with their clients. And while clients are welcome to come to Agility's first location in the Houston Heights, those conversations can be on any device to save time, transportation costs (and aggravation), and last but not least, carbon emissions.
- **Autobooks** – Why shouldn't a business owner be able to connect invoicing and payments with their online banking accounts? Autobooks creates a seamless path that helps manage cash flow by sending invoices, accepting and managing online payments, paying bills, and providing bookkeeping and financial reports. It's as close to one-stop business management as possible.

- **Digital Lockers** -- For those few times when documents need to be exchanged between the banker and client, digital lockers are readily available. These digital lockers are a safe way to trade forms and data between the bank and the client. With one-time use QR codes, access is touchless and quick and it's 24/7. It's the client's time, not the banker's that's important.
- **Virtual Safe Deposit Box**– Wouldn't it have been great to have safely stored and readily available documents and information when Hurricane Harvey hit, or PPP became an opportunity? Ultimately behind the bank firewall, Agility will provide a secure place for storage of financial data, insurance information, and business plans, for example, with the ability to exchange documents in a secure environment. Most of all, however, it is a step forward for any company's business continuity plan.
- **Fraud Prevention** – Agility provides over 15 layers of security protection before we even begin with this product. Clients have the opportunity, however, to add additional safeguards. Agility's partner, Sontiq offers identity theft protection, as well as identity restoration, mobile defense and security, data breach response, and a special "bundle" of protections for small businesses. Unfortunately, the saying that it's not "if but when" rings too true in the world we live in today. Agility wants its clients to have as much protection as possible.

These are not all. Of course, we will have online and mobile banking, contactless debit cards, mobile deposits, and an array of treasury management services. That famous "under construction" sign may appear on our website at various times. More IS coming—and it can come quickly because we chose a blank sheet of paper to build our bank from the beginning.

Is Agility a fintech? Not exactly, but it is as close to one as our clients may want or need to be today. Building relationships will always be Agility's North Star. But a keep in mind, it is supported by a best in class technology stack that has just begun!