

# VIRGINIA BANKERS ASSOCIATION

Intern Program

## Financial Technology & Innovation

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# Legal-ish Disclaimer



*The opinions expressed in this presentation and on the following slides are solely those of the presenter and not necessarily those of Chesapeake Bank, the Virginia Bankers Association, the American Bankers Association, or any other entity. There is no guarantee of the accuracy or reliability of the information provided herein.*

*Professional driver on a closed course, do not attempt at home.*

*No animals were harmed, abused, mistreated or even looked at funny during the making of this presentation.*

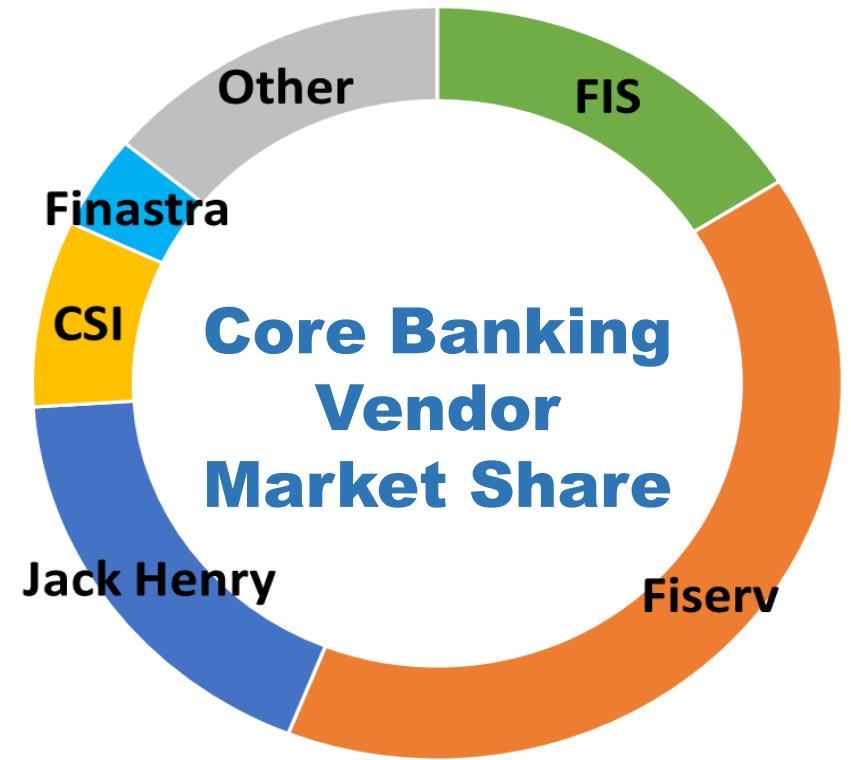
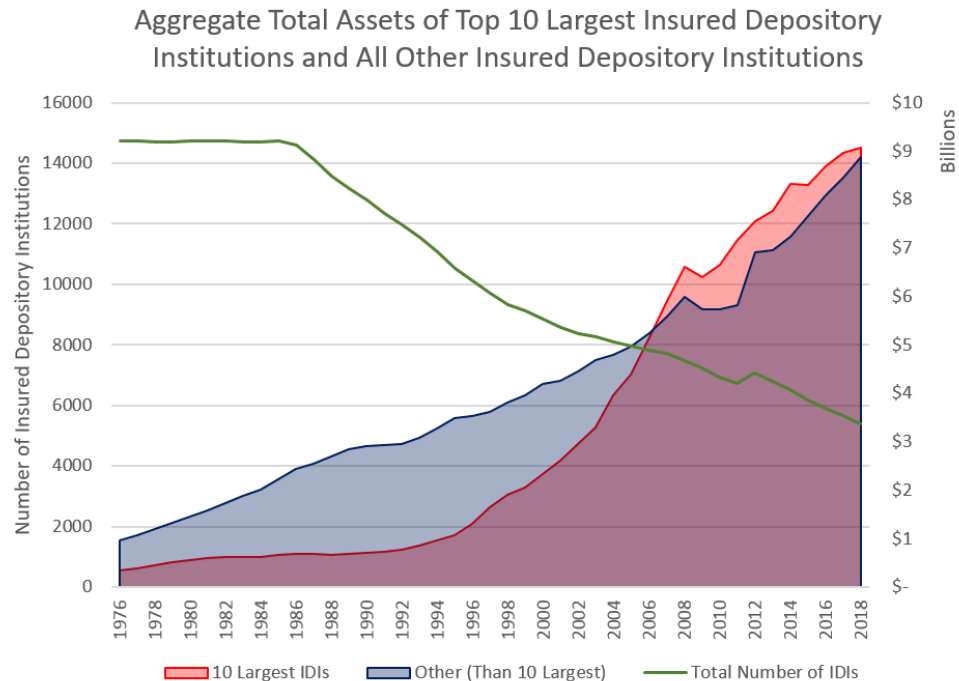
*Not recommended for the microwave, dishwasher, or your oven.*

*Not liable for natural disasters, acts of God, up to and including acts of Chuck Norris.*

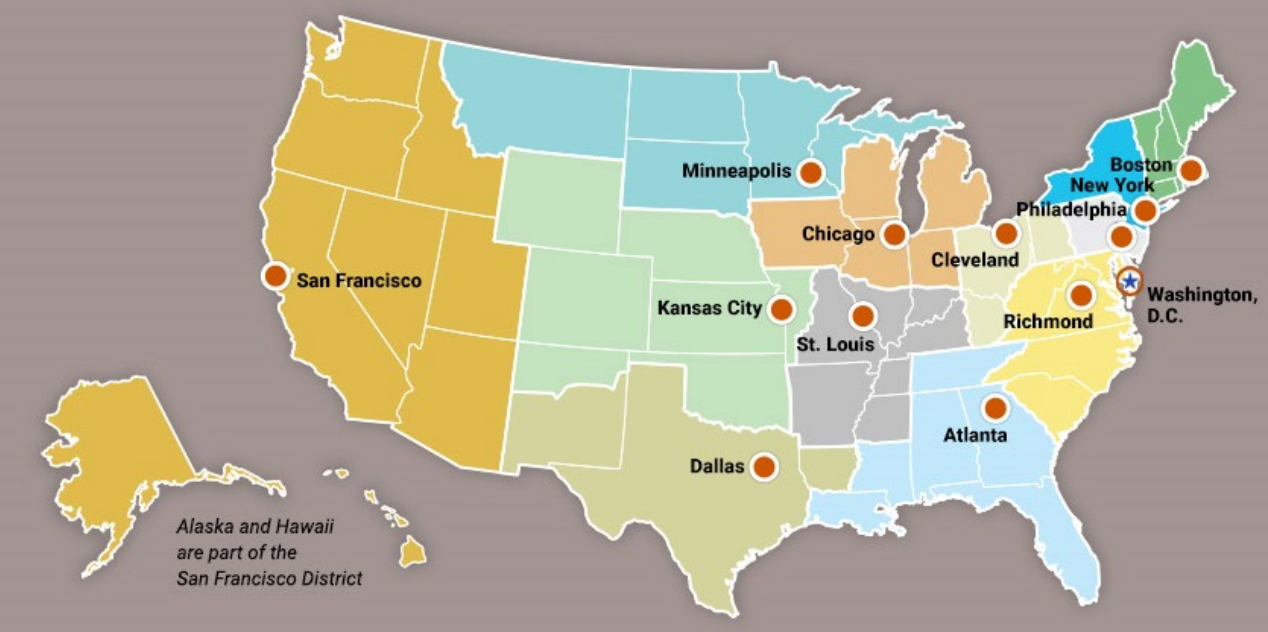
*All Sales Final.*

# Current Landscape

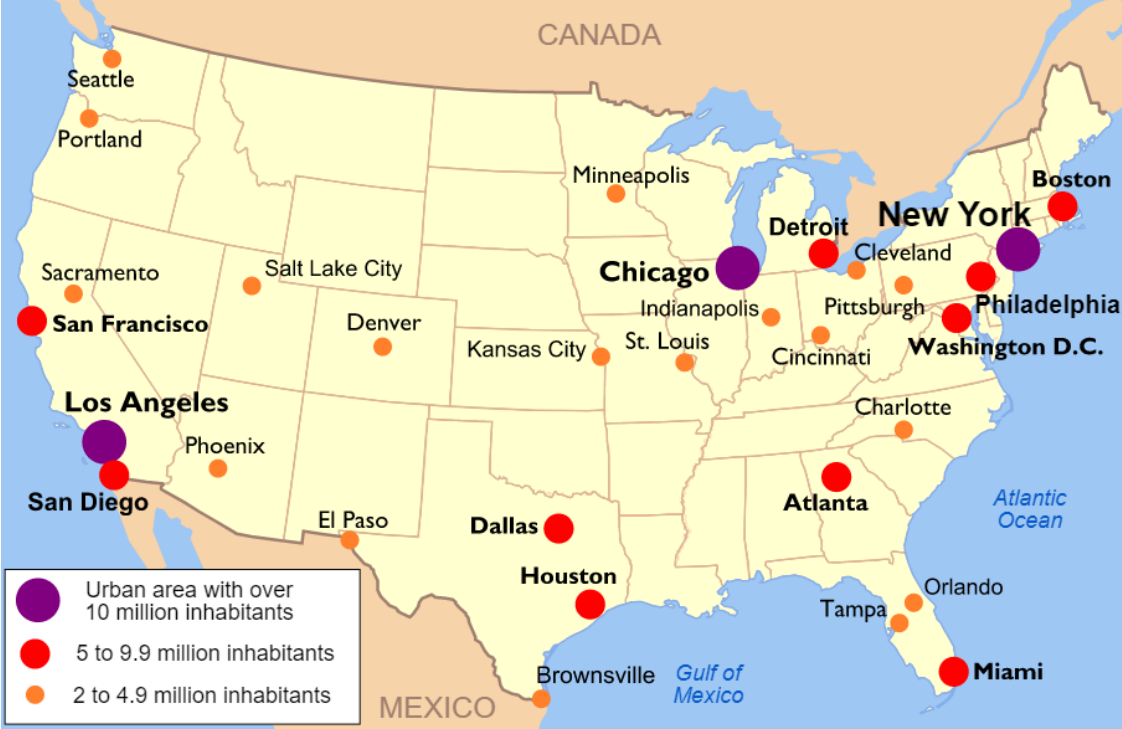
- Most Banks work with just 3 large providers for most of their technology
- Digital expectations are pushing Fintech Innovation
- Banks continue to consolidate
- Assets are shifting rapidly to the largest 10 banks



# Traditional Banking Infrastructure Can Move Slowly

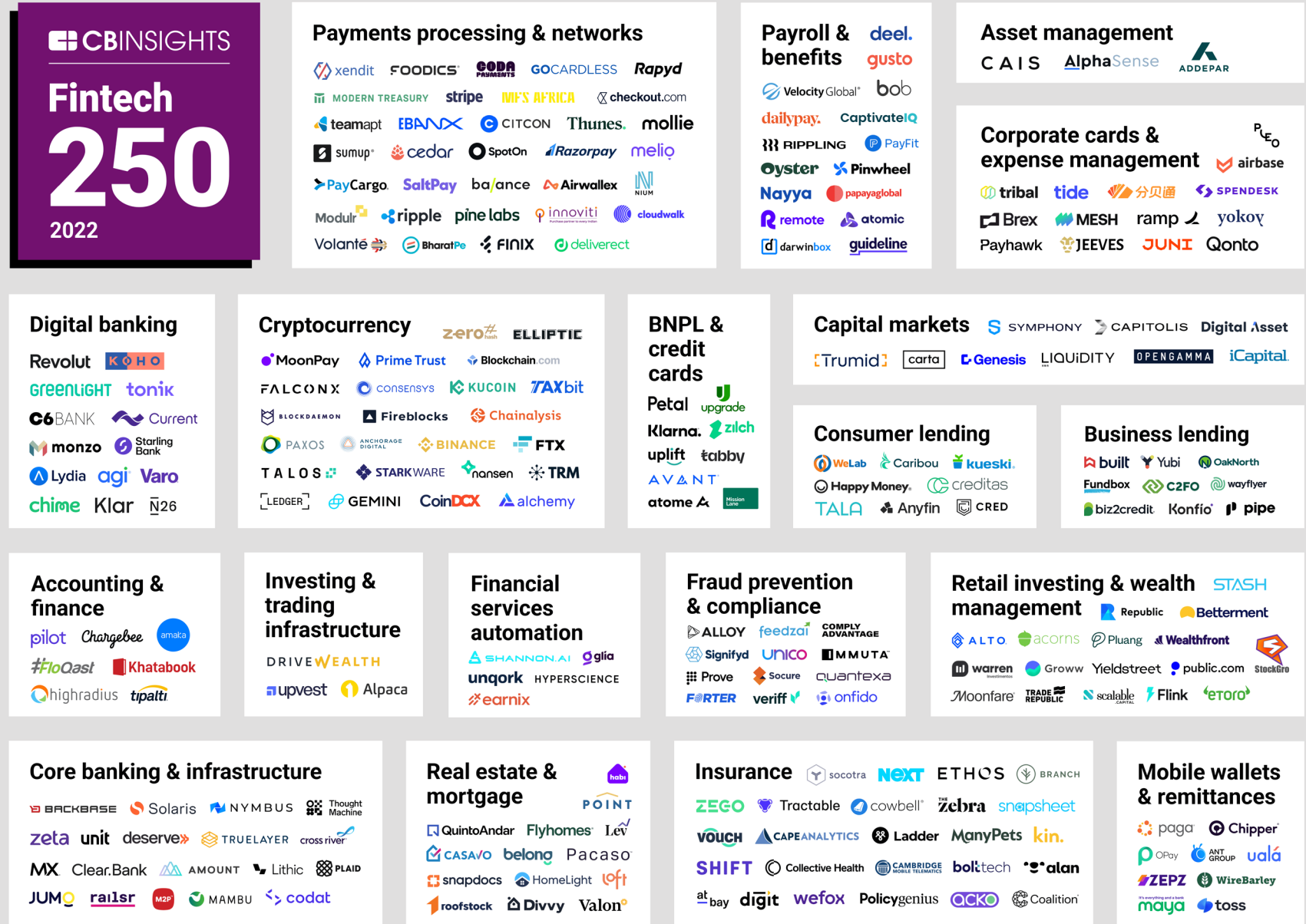


Federal Reserve Bank Locations – est. 1913



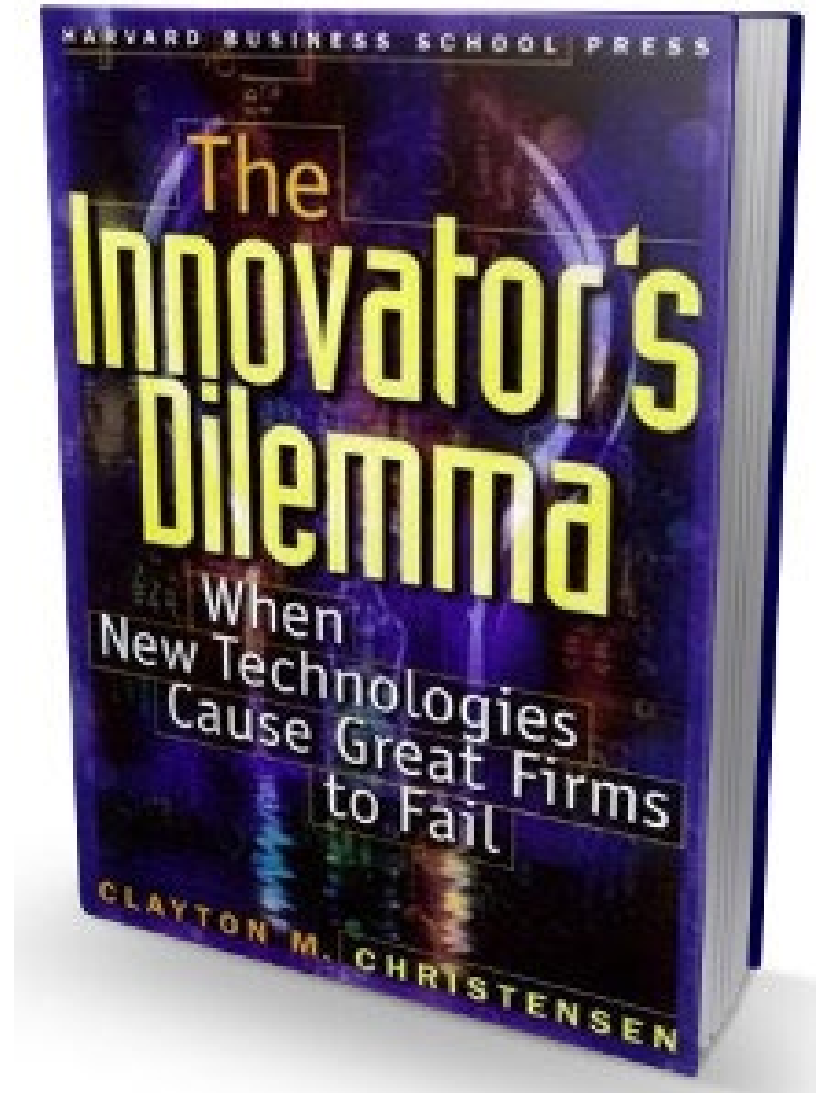
# What is Fintech – and why do we care?

- 88% of Americans use Fintechs now for some banking related services
- The average Gen Z and Millennial couple have financial services from 30-40 providers
- Fintech is not a fad





Note: Companies are private as of 9/12/22.


# Innovation and its relationship to Fintech





# 1. Babylonian Map of the World (Imago Mundi)

 Year Created: c.700 to 500 BCE

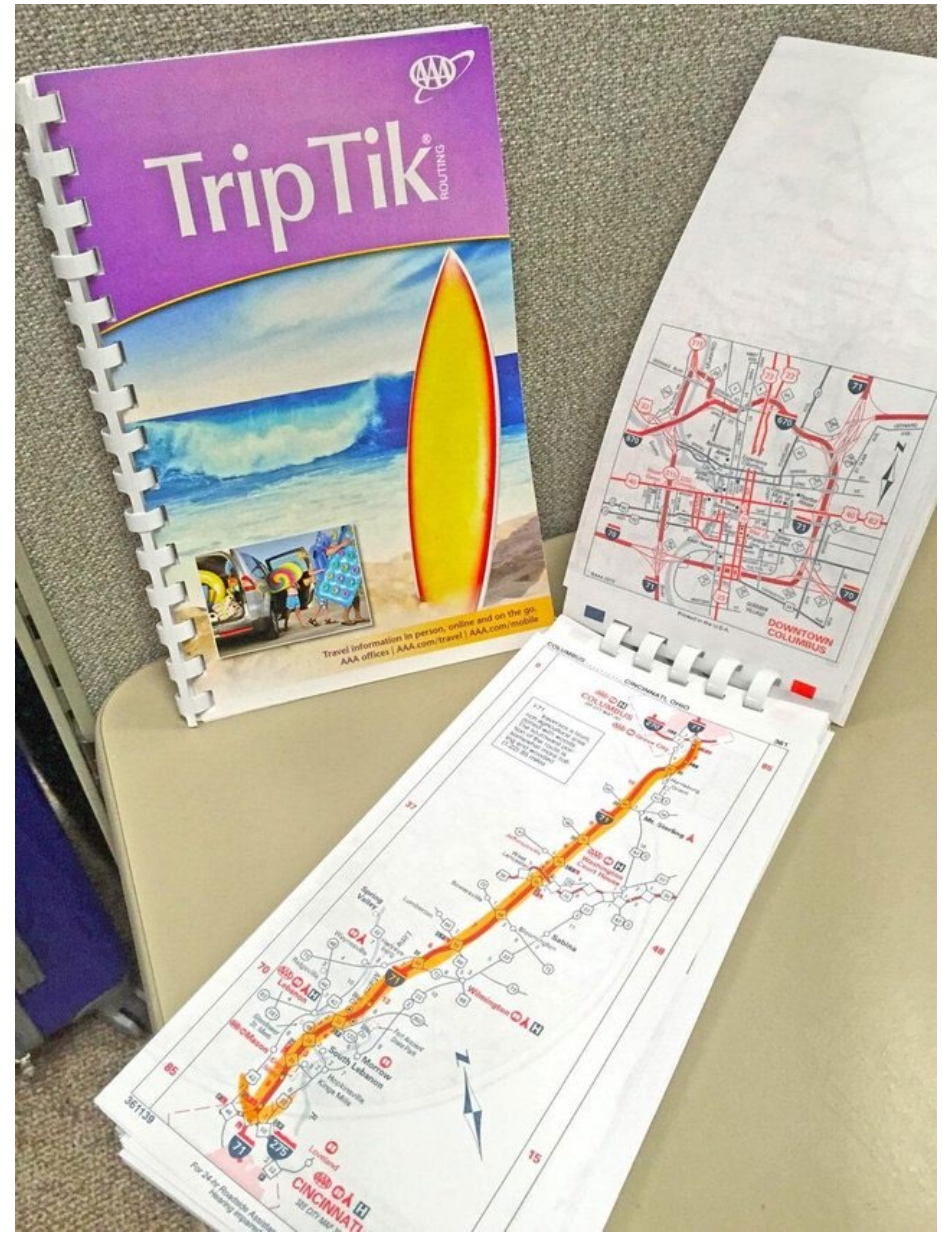
 Country of Origin: Sippar, souther Iraq

 Creator: Unknown Babylonian cartographer

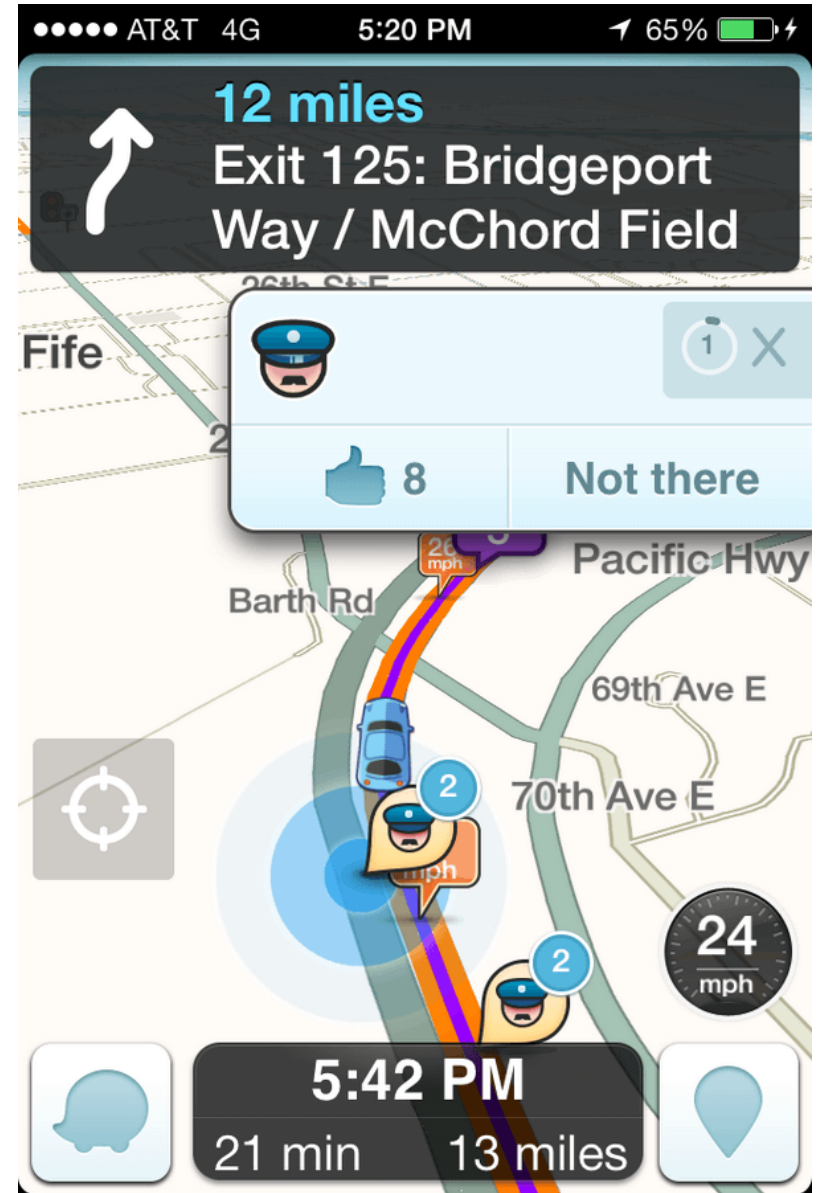
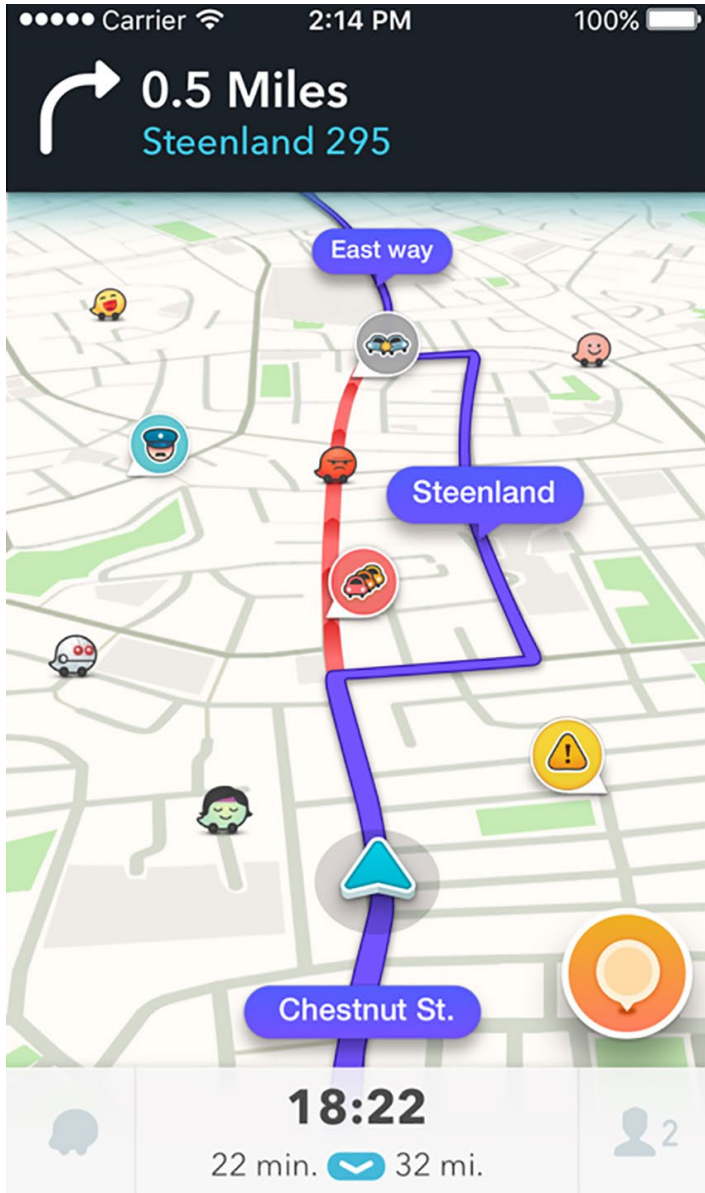
 Materials Used: Etched clay tablet

 Area Depicted: Known world at the time to the Babylonians; centered on the Euphrates River







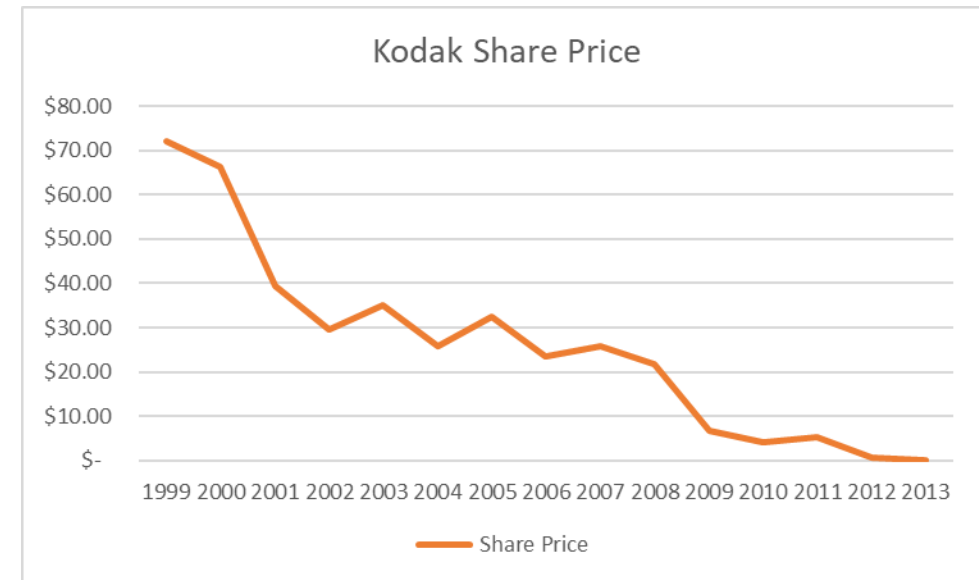
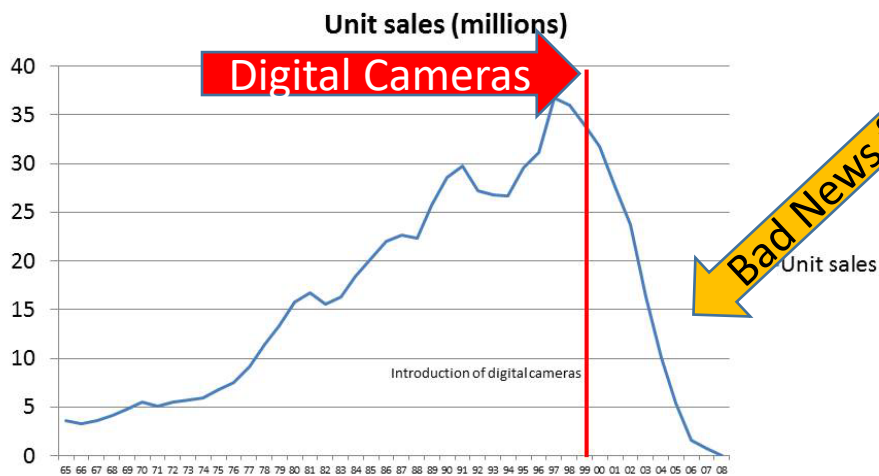




# Innovation and its relationship to Fintech



Film camera sales 1965-2008





A lot is changing



First New Payment  
Rails in 40 years



# What are Real-time Payments



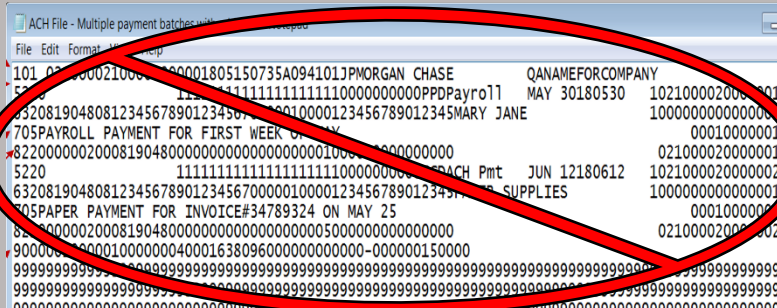
**Real Time Gross Settlement**

Instant and Final



Credits Only  
~~Debits~~

Built on New Technology (Not Punch-Card coding)



```
{  
  "type": "rtp",  
  "amount": 5000,  
  "direction": "credit",  
  "currency": "USD",  
  "originating_account_id": "<Internal Account ID>",  
  "receiving_account_id": "<External Account ID>"  
}
```



# Status of Real-time Payments in U.S.



- Live as of 2018
- 300+ Banks Live for Receiving - about 65% of all U.S. DDAs
- ~30 Banks live for Sending
- 6 banks support RFP
- Leverages a Shared Fed account
- Transaction Limit \$1,000,000



- Pilot Launch scheduled for July 2023
- No immediate interoperability with RTP
- Funds are stored and transferred with the bank's own Fed account
- Optional Liquidity Management System available
- Transaction Limit \$500,000

## Challenges:

- Neither is ubiquitous in the near term
  - Slow rollouts from Fiserv/FIS and other providers
- Request for Pay – Significant lift required in the industry
- Systems are not interoperable. For full access banks must receive on both networks.





# venmo



# Cash App



# Apple Pay

# Disruptors & Challenges

## Neo-Banks



## Embedded Finance



**BUY NOW, PAY LATER.**



SHOP



CHECK OUT

Klarna.

CHOOSE KLARNA



PAY LATER

## Non-Bank Banking



## Big Tech



## Neo-Banks

chime®

Varo

Varo Obtained a Full Bank Charter in 2022

 **Betterment**

Promoting Services that traditional banks already offer:

- No monthly fee
- Early ACH Credit Posting
- Debit Card Controls
- Interest Bearing



### Early Pay Day

Get paid up to two days early with direct deposit\*



### Secure Card

Lock your card on your phone in seconds

**Non-Bank  
Banking**

NBFCs:  
Nonbank Financial  
Companies



**Quicken  
Loans<sup>®</sup>**

 **LendingClub**

**ondeck**



# Embedded Finance



stripe

instacart

asap

amazon

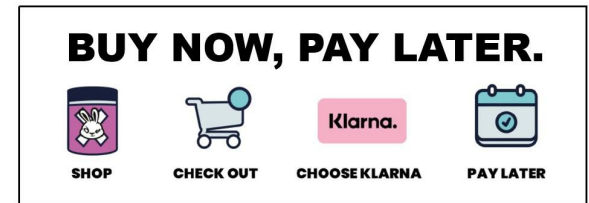
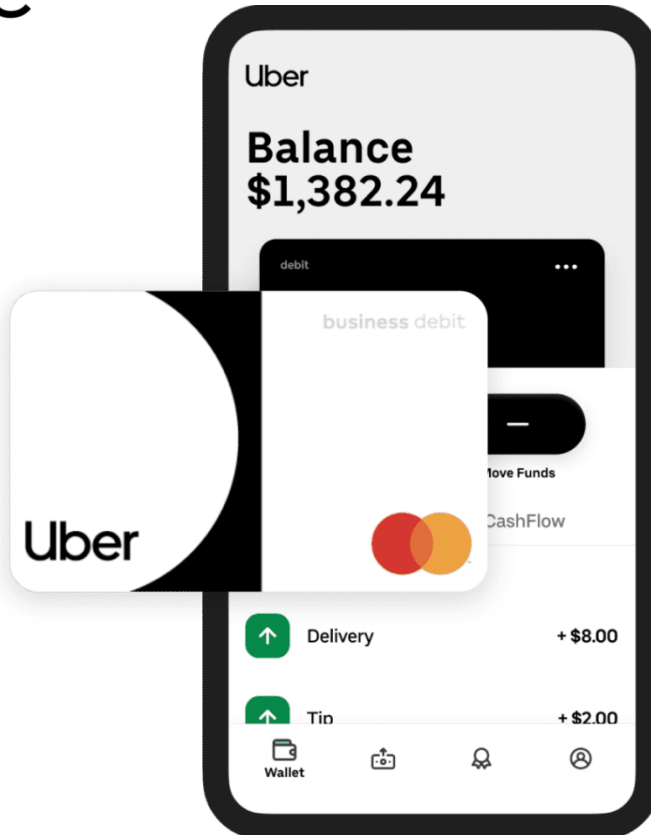
slack

shopify

Google

lyft

zoom

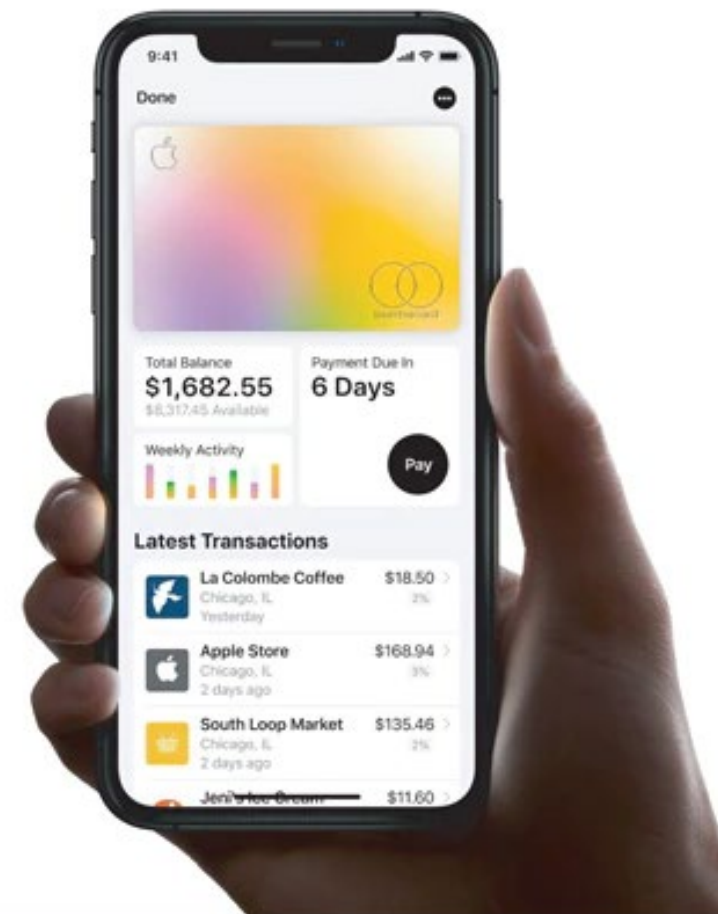


## Big Tech





 **Card is here.**



Available to qualifying applicants in the United States.  
Issued by Goldman Sachs Bank USA, Salt Lake City Branch.

**Goldman  
Sachs**

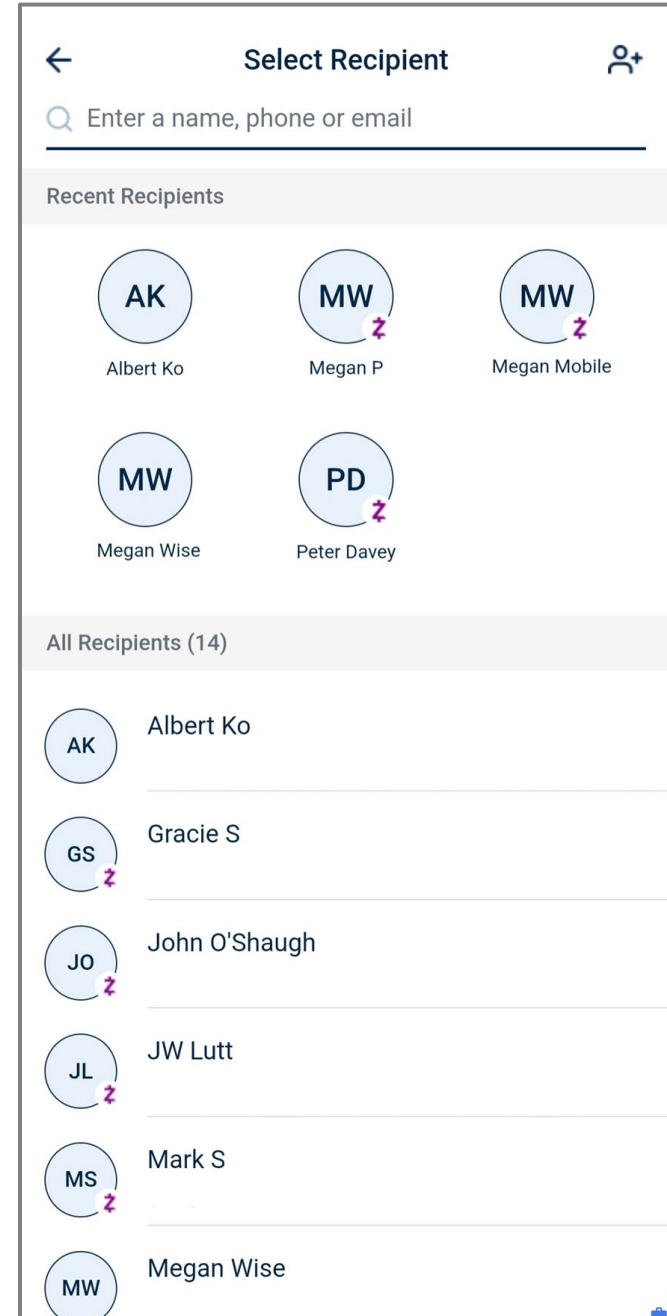
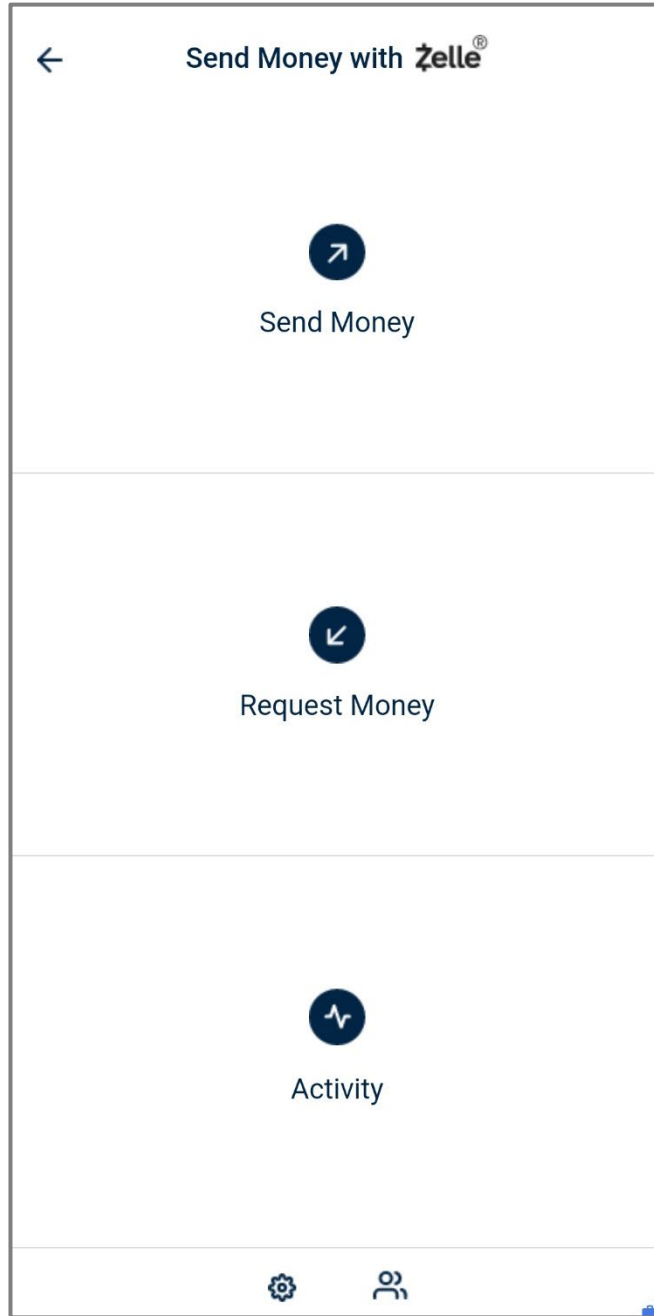
A different kind of card. A different kind of partner.

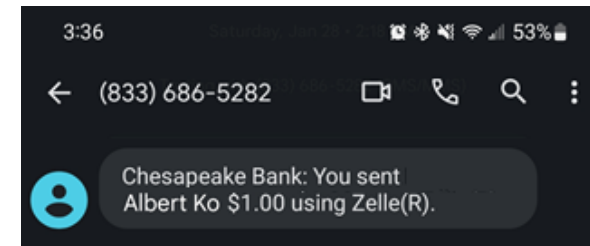
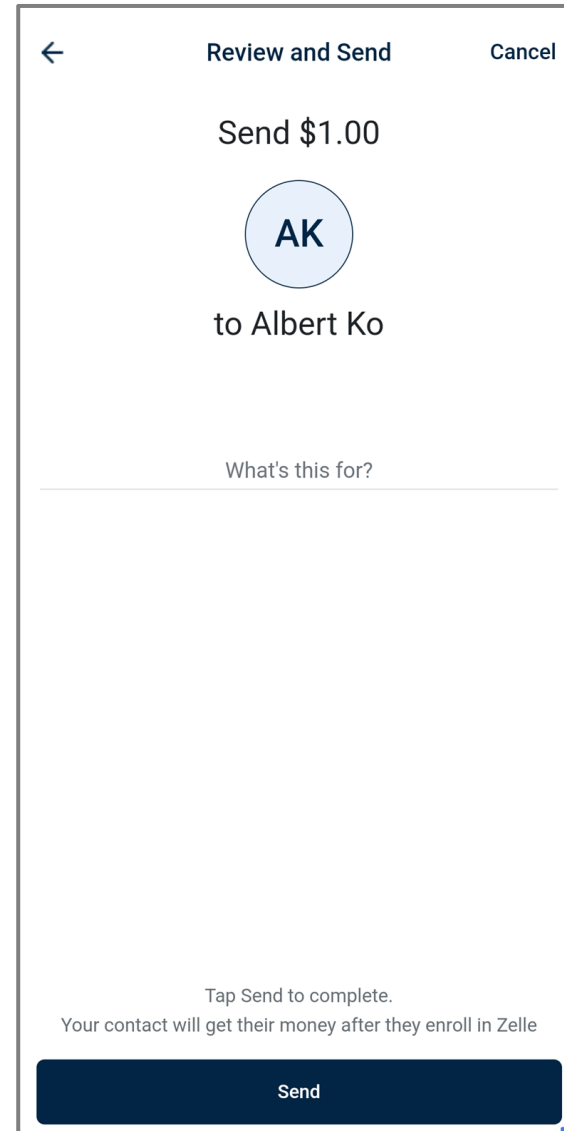
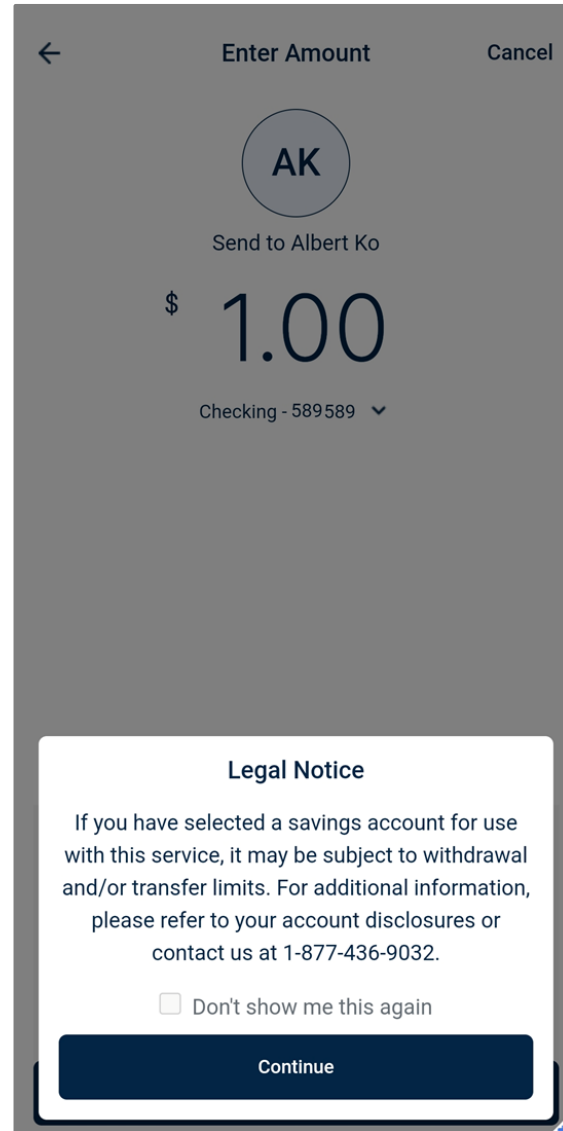
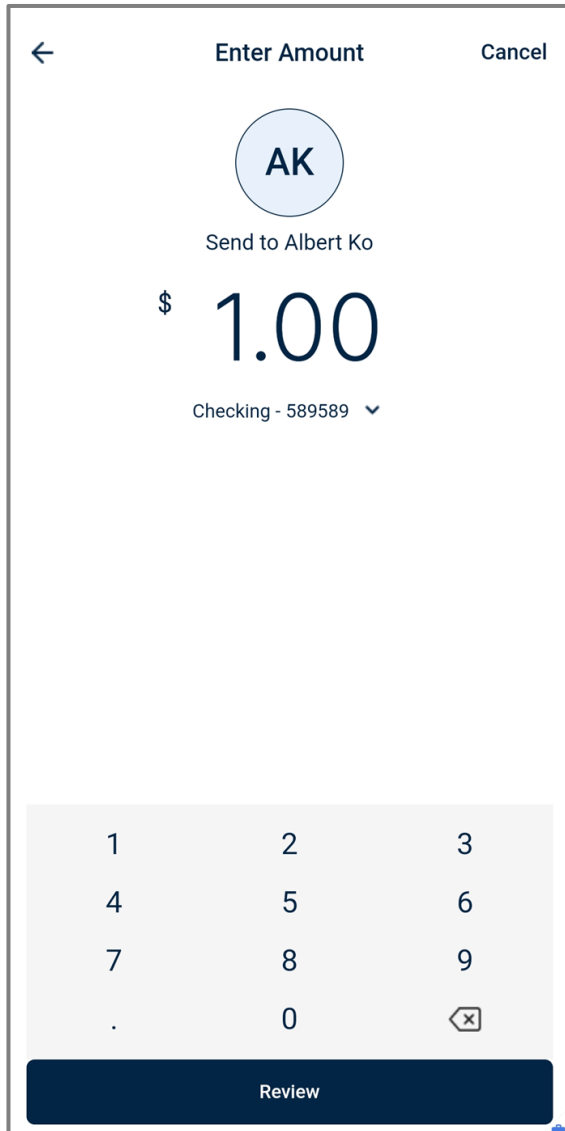
**zelle®**





- Dashboard
- Mobile Deposit
- Payments & Transfers**
- Activity Center
- Transfer Funds
- Pay Chesapeake Peer
- Send Money to Venmo
- Send Money with Zelle®**
- Send a Virtual Gift Card
- Loan Payment
- Pay Bills
- Send a Wire/ACH
- Wire/ACH Recipients







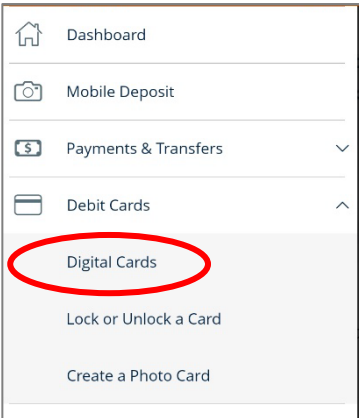
# Digital Debit Card

Virtual Card Issuance



# Digital Debit Card

## Virtual Card Issuance



### Digital Debit Cards



The Digital Debit Card is a unique debit card linking your checking account to virtual purchases while protecting the plastic in your wallet by keeping it separate. If one card is compromised the other will continue to work ensuring your funds remain available to you without having to worry about mail delays.

Link the Digital Debit Card to your Apple Pay, Google Pay, or other virtual wallet for added convenience.

[Request a Digital Debit Card](#)

### Request a Card

Select the account you would like your card to be linked to for purchases.

Account

-- Select One --

✓ -- Select One --

- MONEY MARKET ACCOUNT - 3234
- BASIC BUSINESS CHECKING - 4433
- TOTALLY FREE MONTHLY SAVINGS - 1333
- MY CHECKING 1 - 4589
- ESSENTIAL CHECKING - 3546

[Cancel](#)

### Request a Card

Select the account you would like your card to be linked to for purchases.

Account

ESSENTIAL CHECKING - 3546

Card Nickname

Online Purchases

Max length is 21 characters.

Please allow one business day for your Digital Debit Card to be created.

[Submit](#)

[Cancel](#)

## Thank you!

We're creating your new card.

You may receive a call from Chesapeake bank confirming your request. You will receive a text when your card is available to you online.

[Return to Dashboard](#)



# Digital Debit Card

Virtual Card Issuance

## Digital Debit Cards

Select a card below to view the debit card details you'll need for online purchases or to add it to your digital wallet to use in stores

[Learn More](#)

MY CHECKING 1 (...589) 

ESSENTIAL CHECKING (...3546) 

Request another card

ESSENTIAL CHECKING (...3546) 



Copy Card Number

Lock or Unlock Debit Card



Copy Card Number

Lock or Unlock Debit Card

MY CHECKING 1 (...589) 



Copy Card Number

Lock or Unlock Debit Card

# Partnerships



# Embed Fintechs in your services

**savvymoney**<sup>®</sup>

Credit Bureau Monitoring

 **NYDIG**

Crypto Currency – Buy/Sell/Hold

**MD**<sup>TM</sup>  
moneydesktop

Account Aggregation and Reporting –  
Especially focused on Wealth Management

**Prizeout**<sup>®</sup>

Buy or Send Merchant Gift Cards with Bonus value

# Build Connections to Desirable services within your bank

## Heard about CHUCK?

Community Banks To Form New Payments Network To Take On Zelle **Forbes**

**CHUCK Takes on Zelle With Alloy Labs, Payrailz Partnership**

By PYMNTS | 12/21/21  
Posted on December 21, 2021

PYMNTS.com

# CHUCK

Open Loop Payments Network

Will New P2P Startup 'Chuck' Edge Out Venmo, Square and Zelle?

THE FINANCIAL BRAND

Community Banks Launch Chuck, Their Own Peer-to-Peer Payments Network

**DIGITAL TRANSACTIONS**  
Trends in the Electronic Exchange of Value

By Peter Lucas | December 22, 2021  
Competitive Strategies, Featured, Marketing, Person-to-Person Payments, Transaction Processing

Chuck, small banks' answer to Zelle, goes live **AMERICAN BANKER**

**ALLOY LABS**  
ALLIANCE

**venmo**

**BUILT FOR BANKS BY BANKS.**

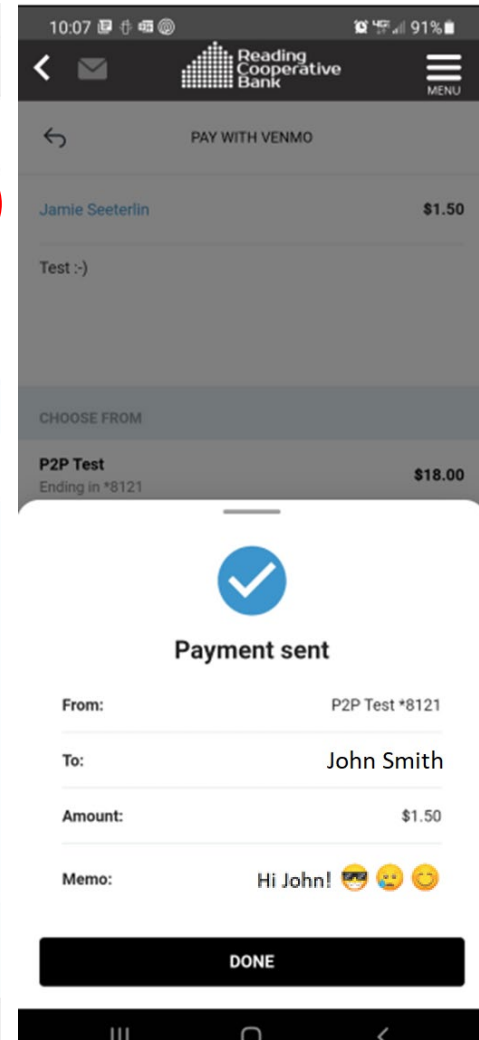
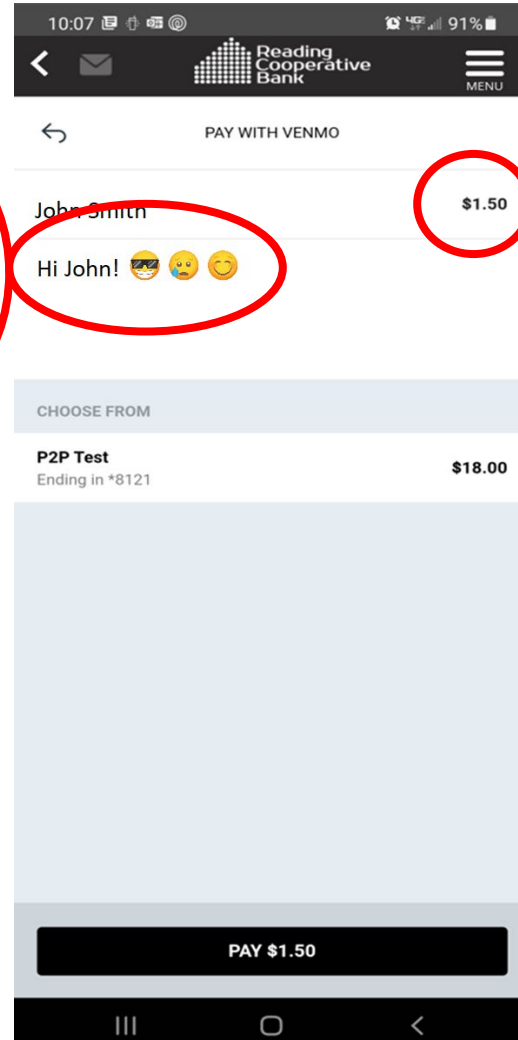
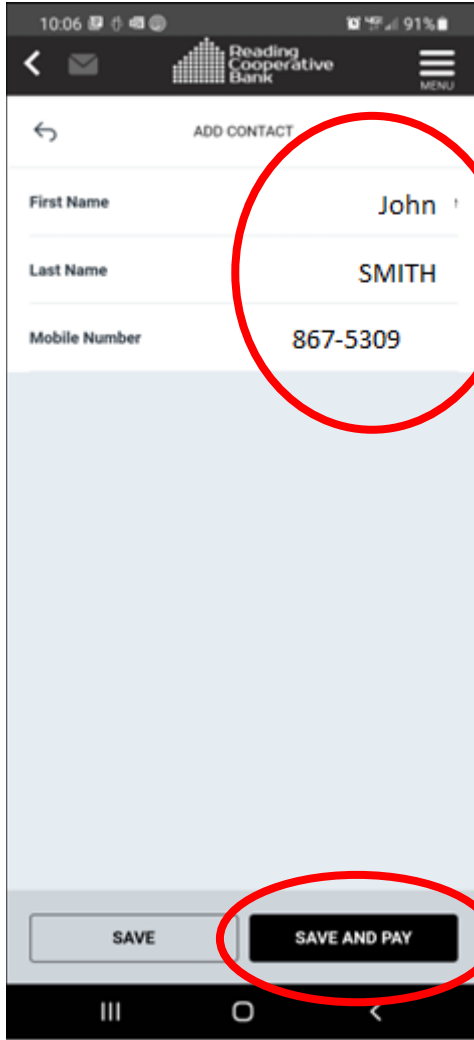
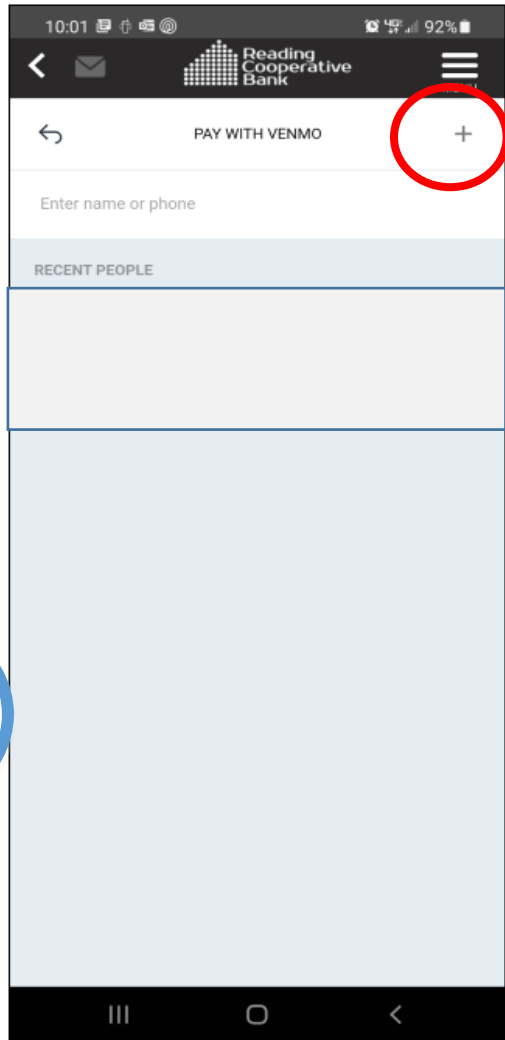
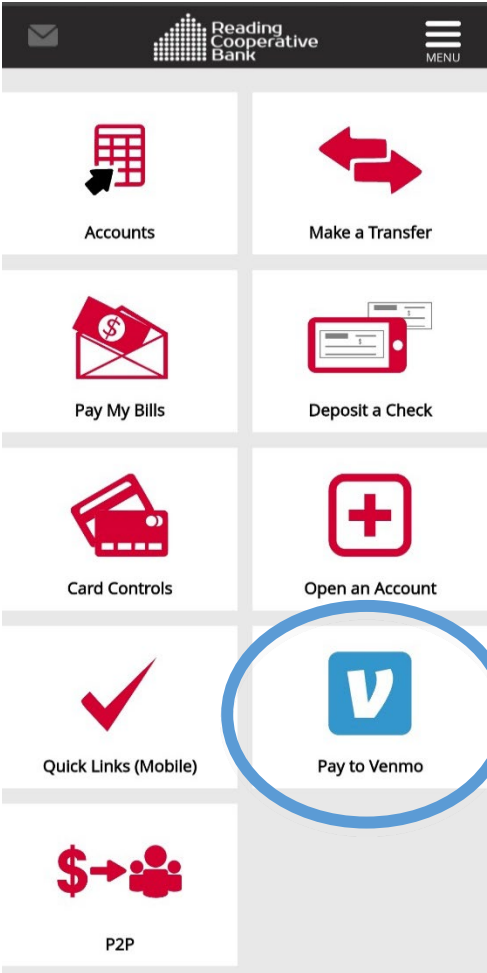
CHUCK is founded by the innovative banks in your community.





# CHUCK

## Open Loop Payments Network



# BaaS



No, not that kind...

# BaaS: Banking-as-a-Service



## Cross River

\$8.5B in Assets – Industry Leader in BaaS



\$7B in Assets



Innovating How Money Moves

\$1.8B in Assets – Virginia Bank  
Just launched BaaS in 2021



\$1.6B in Assets



BANK & TRUST

\$1.3B in Assets – Over 700 Fintechs Supported



\$46B in Assets – Also a Correspondent Bank

**How do we get there?**

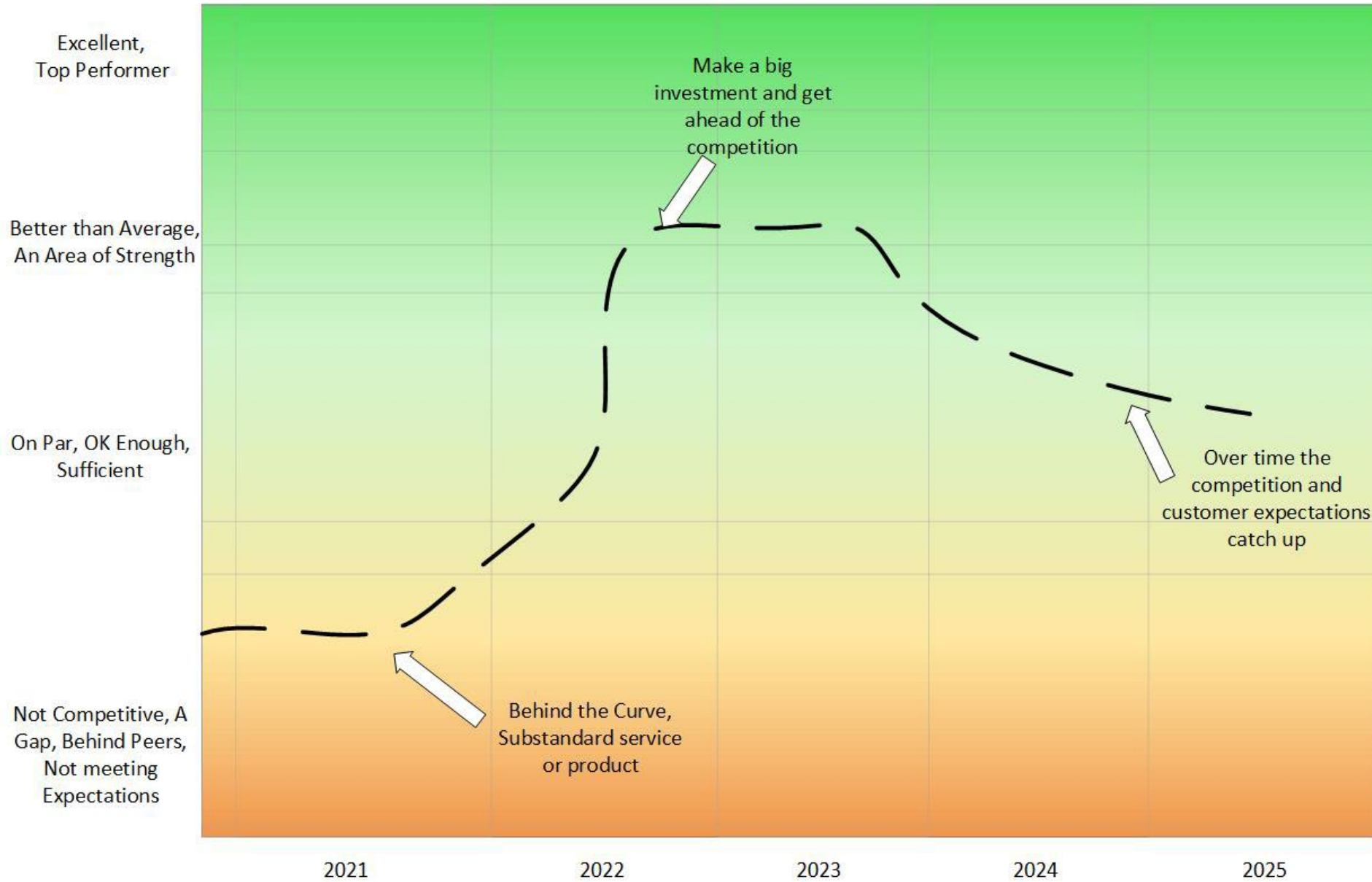


# DIGITAL STRATEGY WATERFALL

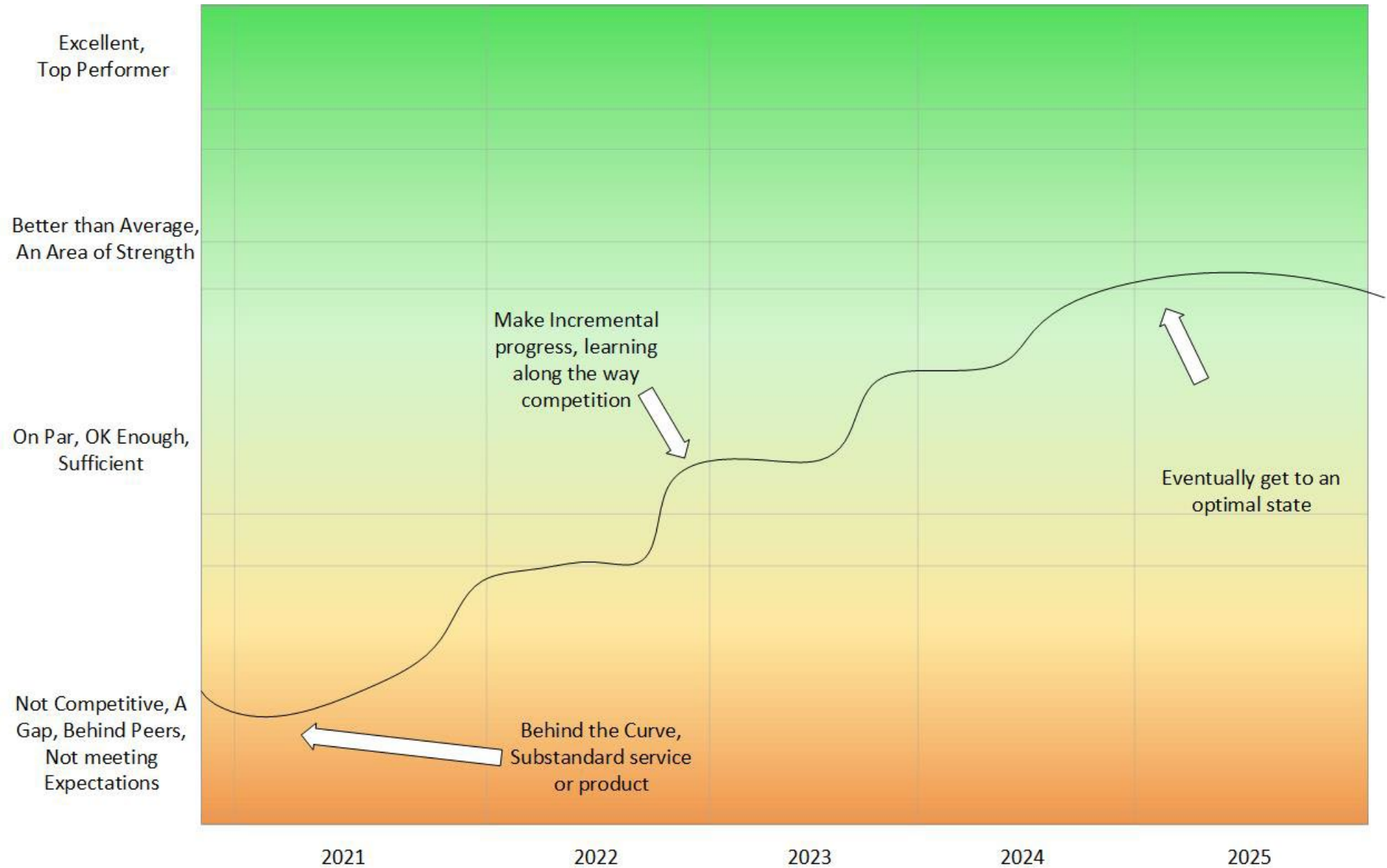
This approach implies an end state, a completion point.



The customer experience is more like a continuum, that changes over time.  
There is no “Finished” state.



# Improvement can also be made incrementally over time with learning and development



**QUESTIONS???**



**QUESTIONS ARE  
MY FAVORITE**



# Connect with Me!

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Linked 



<https://www.linkedin.com/in/dseeterlin/>