MANTL

Midwest BankCentre

Reinventing a 113-year Old Community Bank

Reinventing a 113-year old bank with the launch of a state-of-the-art digital branch requires bold strategy, executive buy-in and investment in top operational and technological solutions. For Midwest BankCentre, the journey has been nothing short of extraordinary.

Overview

Midwest BankCentre is a 113-year-old community bank in the United States. Historically, the Bank has grown through a seventeen-location branch network in and around St. Louis, Missouri. In 2018, Midwest BankCentre set out on one of the largest technological undertakings in its recent history – the launch of a state-of-the-art digital branch, Rising Bank – in order to grow deposits and support continued growth.

Rising Bank is devoted to providing consumers with convenient access to marketleading financial products featuring some of the most competitive interest rates available. Building on Midwest Bank Centre's foundation in traditional banking, Rising Bank meets customers' needs as the banking industry continues to evolve in an increasingly digital world. The initiative also positioned Midwest BankCentre for future deposit growth, expanding the team's technical capabilities and increasing customer footprint.

Rising Bank was conceived, built and launched in six months. It then went on to attract over $100 million of deposits within five months of its February 2019 launch, strengthening the Bank's balance sheet with additional core deposits. These results were coupled with a more than tenfold increase in operational e!ciency compared to physical branches. It also allowed the team to test new technology, marketing channels, and processes that will next be implemented into the wider bank.

Opportunity

In early-mid 2018, Midwest BankCentre began exploring new strategies to grow core deposits and reduce their dependence on wholesale funding. The Bank had seen foot traffic decrease in local branches, and they knew that a lack of digital services could pose a risk to long term relevance and growth. They sought to provide a more modern user experience while lowering operating costs, so they brought together a team of vendors to address their technological gap.

As a 113-year-old bank, the executive team knew that change would be di!cult for the wider organization. Each department has entrenched processes that could likely slowdown a major modernization effort. They needed to create an avenue – one that operated separately from the existing business – to test new technologies and processes quickly and e"ectively. With President, Dale Oberkfell, and COO, Marsha Benney, leading the initiative, the Bank aimed to learn how to run and operate a high performing digital branch. "We set a target of raising $100 million over one year," said Oberkfell. "Another primary objective was to offer a customer experience that was equal or better than that of a neobank. To meet these goals, we established a new brand – Rising Bank."

With Rising Bank, Midwest BankCentre sought to offer a seamless, secure digital customer experience that enabled clients across the country to accumulate wealth over the long term. The result would be a new online community of lifelong customers. Rising Bank customers can easily open new accounts in less than five minutes, and all Rising Bank accounts are FDIC-insured up to $250,000 per individual account and up to $500,000 per joint account.

Solution

Rather than creating a digital version of Midwest BankCentre, the Bank chose to form an entirely new digital-only brand – Rising Bank. This allowed it to test new strategies without disrupting the existing business. However, maintaining a link to the Midwest BankCentre brand was critical, because the Bank did not want to jeopardize its core strength as a proud, independent bank delivering highly personalized service. Rising Bank was not a departure from that century-old tradition, but rather a bold move toward creating the bank of the future for the Bank's customers.

To establish the new bank, Midwest BankCentre leveraged existing infrastructure and teams, designating twenty sta! members across six departments to oversee the implementation over six months. Operationally, significant automation in KYC, funding, and deposit operations allowed the digital channel to scale quickly with the existing headcount. As a result, a new small, but nimble team of just two full-time equivalents was established to be dedicated sta! for the digital branch. Rising is a new laboratory to test additional changes, new vendor opportunities, expand the geography of their customer base, practice digital marketing and finally, have a space that allows for newfound successes or quick failures.

The digital branch was built on existing core banking system, the Silverlake System by Jack Henry. Midwest BankCentre hired XpertSavers for marketing and project management of the brand development, website, and marketing engine. They also brought on MANTL to build the digital account opening platform that will power the Bank's growth. MANTL integrated the backend infrastructure necessary for Rising Bank to read and write to its core. MANTL's API also functions as a wrapper around Silverlake to allow for faster and more flexible integrations of the more than fifteen additional APIs that power MANTL's high performing digital account opening platform.

> "The launch of Rising Bank has resulted in the same deposit growth as building 10 new branches."

Dale Oberkfell
President & CFO at Midwest BankCentre

Innovation

While money center banks around the world are forming new digital o!shoots, it's rare for a community bank of this size to reinvent themselves digitally in this capacity. They invested in technology that is ahead of the curve on various levels, and this was particularly true of the integration with MANTL.

MANTL is a banking technology firm that launched the year prior to the project start date. While other banks may have hesitated to partner with such an early-stage startup, Midwest BankCentre was impressed with the outcomes-focused approach its team took to building banking software. Firstly, the open architecture of MANTL's software allowed for over fifteen di!erent integrations, spanning from digital identity scraping to account verification, to be used collectively to power the customer onboarding process. This resulted in a market-leading time to open an account – under three minutes – which has driven outstanding conversion results comparable to leading challenger and money center banks.

Secondly, the account opening system and integrations were all built on a real-time basis, meaning new accounts are booked to the core and provided to customers instantly upon completion of the application, regardless of any core system downtime or bank operating hours. It also triggers the debit card issuing process when appropriate without the need for manual review. For the bank, this led to a significant operational effciency dividend, allowing us to grow the digital branch without additional overhead.

Together, these factors drove down the cost of the entire project and led to structurally better financial outcomes for the bank than other deposit growth channels.

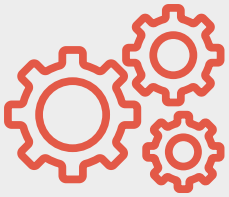
Online account opening

Implementation

20 Employees working on the project

Cross-functional stakeholders

Technology



Operations

Compliance

Executive Team

Journey to $100M in deposits generated

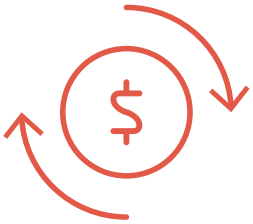
Technology

The project represented one of the largest undertakings in the bank's recent history. It involved more than ten separate vendors, spanned six months and once delivered (on time and budget) proceeded to hit their first-year deposit raising goal in just five months. The team of executives included President & CFO, COO, CIO, and Director of Compliance. The project was managed by XpertSavers and an internal bank executive, Tom Thompson.

Midwest BankCentre selected vendors on the basis of their operational and technological excellence, taking the approach "that if you want to win the Super Bowl, you have to recruit Tom Brady." This frame of mind meant that the Bank had the right parties around the table to execute the vision for Rising Bank.

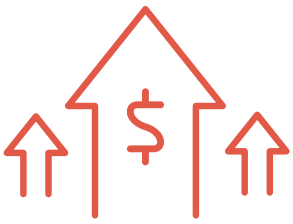
When issues arose, they had vendors that thought creatively and with a data-driven mindset to solve problems. The vendors also helped evaluate the Bank's data to optimize performance. For example, MANTL understood analysis which showed that 1.7% of accounts opened online deposit greater than $250,000 initially, and account for about 13% of all deposits generated. This channeled the conventional wisdom that consumers would only fund up to the FDIC limit of $250,000. The insight led the team to re-evaluate the Bank's maximum permissible funding amount to $500,000 which led to higher deposit generation with no increase in costs or fraud.

From a technology perspective, the selected vendors have exceeded expectations. Particularly important to Rising Bank were the following outcomes:



48% average conversion rate on applications

Average initial deposit of over $55,000



More than $100 million in net new deposits raised in five months

Results

Midwest BankCentre gathered 75% of their deposit goal within ten weeks and raised over $100 million in just five months. This allowed the bank to replace wholesale funding with core deposits and raised additional deposits to fund loan growth. This channel requires 10% or less of the sta!ng of a physical branch. Most importantly, it established a new, long-term and proprietary national growth channel. The regulatory response to the Rising Bank initiative also has been very positive and supportive. The Bank credits this to the inclusion of Risk and Compliance teams into the process from the very beginning. It ensured that processes and decisions were well documented and that the technology was well suited to the needs of both departments.

Nearly every customer recognizes that the process to open an account is streamlined, easy and intuitive – taking only a few clicks. Many other procedures put in place, such as the process to adding beneficiaries, have been appreciated by customers for the ease with which they can get account maintenance and other requests completed. Several customers have mentioned that Midwest BankCentre “makes it easier” than other online banks they deal with.

The Bank maintains a “community bank” relationship-oriented approach. Several customers have mentioned that they value this relationship, and it has encouraged them to bring a larger part of their financial relationship to Rising Bank. One of these customers, for example, has moved over $1MM to the bank and maintains different account types. Customers like how easy it is to reach out by phone or message, as well as the Bank’s responsiveness to their requests. They appreciate that while it may be easier to reach out by secure message, they can still call twenty-four hours a day, seven days a week.

This project felt like a mini-acquisition. The team became a cohesive group and individually the team felt part of a key effort. Plus, success breeds the desire to work on the next project.

Midwest BankCentre gathered 75% of their deposit goal within ten weeks and raised over $100 million in just five months.

Lessons learned & future plans

A conservative Business Case was explicitly laid out in advance, setting hurdles for cost, operational e!ciencies and customer experience expectations. The marketing funnel had hurdle success rates, so monitoring and tweaking could be done with a goal in mind. The first year's costs are also nicely under plan, which is directly related to operational e!ciencies and customer satisfaction.

The Bank's long term goal is to add more products and services that can be accessed digitally. They have recently added a high yield checking account and will offer consumer and small business lending early next year. They're hopeful to identify and add a small business deposit account platform in the near future. Eventually, some of the new technology will be applied to improve the performance of Midwest BankCentre's physical branches, as well.

The leadership team is confident in the bank's positioning for the future as they set processes to constantly make adjustments as technology continues to evolve. But, most importantly, they have the ability to migrate the new activities to the brick and mortar side of the franchise.

"MANTL's consultative data-driven approach has allowed our risk and compliance teams to make smarter decisions."

Marsha Benney
COO at Midwest BankCentre

MANTL is a banking technology firm offering the leading account opening software. Our platform empowers regional and community banks and credit unions to grow up to 78% faster. These institutions play a critical role in our economy and we're passionate about preserving that. Launched in 2017, MANTL's customers have raised more than $1 billion in core deposits to date. MANTL is a privately held company headquartered in New York with the backing of prominent venture capital investors.

Learn why MANTL is the top choice for modern online account opening among community banks and credit unions.

Visit: www.mantl.com

MANTL