

Video Transcript Ancin Cooley Fintech for Boards

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By Ancin Cooley

Ancin Cooley 00:12

Let me start off with an analogy. Imagine you and I decide that we're going to start a fishing business where we're going to catch fish. And at the same time, we're going to create a restaurant that that fishing business is going to provide the fish for.

Ancin Cooley 00:31

And so we buy some boats. We buy tackle. We buy, we hire fishermen with the intention of catching enough fish to provide what we need every day to put food on the table at our restaurant. So our two core businesses are catching fish and plating those fish. That's part of our core business model.

Ancin Cooley 00:55

What happens when undoubtedly, your fishermen are gonna have some bad days, some days when they don't catch as much fish and some days when they don't catch any fish at all. And so that eventuality, that problem creates an opportunity for different businesses, right? Some businesses may come to you and say, hey, what if we were to catch the fish for you, and we had a piece of technology that allowed for you to hop on your cell phone, and order the amount of fish that you need, so that you can have what you need at four o'clock for your restaurant. That's one fintech opportunity that can perhaps enhance your business model.

Ancin Cooley 01:43

Another business comes in, says, "Hey, you have a little trouble catching fish. What if I gave you a piece of technology that helps you find fish better, help you clean the fish better. And then also, here's a new rod and reel. It will allow you to cast further, and here's some new bait that will allow you to catch more fish.

Ancin Cooley 02:07

Two different technology opportunities, but one provides you an opportunity to be more efficient in your business model, which is what you're communicating is that you are a fishing company that catches fish, and you're on the other end, you're actually plating this fish and serving it one makes you more efficient, while the other one is asking you to outsource a core component of your existing business model.

Ancin Cooley 02:42

What I'm asking for credit unions to do in the boardroom and in the C-suite is to look at the long-term strategic implications of those two choices and what's happening a lot due to messaging and marketing, we're conflating fintechs as if they're all the same. And in some way, some CEOs and some board members feel as though if they don't get on board with fintechs they may be left behind.

Ancin Cooley 03:13

Here's an example of a fintech where you're essentially outsourcing your business model, meaning "Hey, I have a technology company, which is really just an indirect lending store whereby you have a branch and you have loan officer, but you're making a strategic decision to partner with a fintech to supplement what could potentially be your inability to organically grow loans. And so you partner with this fintech and they provide you with loan volume in the short term.

Ancin Cooley 03:46

I can see why that can be advantageous, but in the long term, what happens if they raise the price of the fish and you become dependent on them? Second, what happens if they you outsource the catching of the fish, and they decide long term to get into fishing restaurant business? Now they're your competition.

Ancin Cooley 04:10

Here's an example of a fintech partnership that's similar to getting a better rod and reel, a better depth finder. There's a company by the name of burst that is creating technology that will allow you to scan your member's license so that you can have a faster digital onboarding process. They're making your existing business more efficient.

Ancin Cooley 04:37

We want to make sure that we're taking into account when we're partnering with fintechs: Are they making us faster? Are they creating innovation that makes us more efficient, that improves our margins? Or are we putting ourselves in a situation strategically where we're outsourcing our business models and giving up our long term viability by losing our relationships with our members?