Jason Henrichs:
It isn't really a strategy if everyone else would choose to do it, right? That just means it's common sense at that point. And so, using fintech is common sense.

James Robert Lay:
Greetings and hello. I am James Robert Lay, and welcome to the 198th episode of the Banking On Digital Growth podcast. Today's episode is part of the Exponential Insight Series, and I'm excited to welcome Jason Henrichs to the show. Jason is the CEO of Alloy Labs, a consortium of leading community banks working together to drive innovation and adopt new technologies while also developing and testing customer insights, creating FinTech partnerships, executing on new ideas and making strategic investments. Welcome to the show, Jason. It is so good to share time with you today, buddy.

Jason Henrichs:
It has been way too long. I'm hyper caffeinated, ready to go to talk about Banking On Digital Growth. Don't even know what we're all going to cover, but I'm psyched for it.

James Robert Lay:
But that's the fun part about these conversations is we've got a... People always ask me, can I have a list of questions before I come on the show? And I'm like, "No."

Jason Henrichs:
Only if you weren't really boring content because you're going to script your answers and it's going to be horrible.

James Robert Lay:
Exactly, exactly. So I love doing these kind of off the cuff and it's definitely real. And speaking about being real, what's good for you right now, man? Personal, professional, your pick.

Jason Henrichs:
Let's see. We're at the hyper close of the construction project. My wife texted me this morning that this is the HGTV she expected two years ago. There's 10 work people all around because we've got our three year old's birthday party on Saturday and she's like, "This house will be done. Go flog whatever contractor you need." So that's good. The other, it's been interesting is we've come in and out of COVID and I think reached the point that we can really say, "Yeah, the world has changed fundamentally, roll with it, and we're going to need to continue to evolve." And that gets me super excited for a lot of our community banks.

Jason Henrichs:
So, we're 70 banks now across the country. And what was interesting is to watch there were some who were just in the middle of it. Quontic Bank in New York City, Mercantile Bank in Michigan, early ones get hit hard. And then some banks, like Center of Iowa, they're like, "We don't know anyone in the county that's had COVID," right? So there's all this pressure in this change. We're not feeling it, but now that it's kind of spread everywhere, I think it's really galvanized a bunch of the industry to say, "All right, let's pull this thing forward. No more excuses."

James Robert Lay:
Yeah. And we got to keep moving forward. And a while back you had delivered a keynote about differentiation, about strategy, about technology, and you're talking to 300 C-suite bankers, and then something happened that I found really interesting. A banker, actually, a CEO came up to you and they

agreed with some of your points about differentiation or what you were really communicating; the lack of differentiation in banking and financial services. And he thought he had a solution. He whispered to you in secret that his bank was going to work with fintech's. And those whispers of those financial brands, quote-unquote, working with fintech's, has now really post-pandemic, it's a roar. This is a problem. And I want to know why this is a problem. And more importantly, why is working with fintech's not a strategy for future growth in a post-COVID, digital first world?

Jason Henrichs:
I mean, if you were Lincoln Savings Bank and the first to jump into banking as a service, yeah, differentiated. We'd say same like Coastal Community and Sun West, right? There was a shot there, as I'm sure you've seen the Finastra survey that Finastra published. 85% of banks say that they are going to get into banking as a service or have banking as a service strategy in the next 18 months. Which part of me believes that just because they thought of fintech, they now believe they have a strategy. Well, strategy, worked for Michael Porter very early in my career. And I will sum up for everyone who has not read Competitive Strategy, but they should, especially every bank CEO out there, it really comes down to what is your unique value proposition that creates sustainable competitive advantage.

Jason Henrichs:
If everyone's doing it is not unique. If everyone can do it is also not sustainable that it becomes your unique mode. And there was interesting litmus task that one of my mentors at Monitor taught me that it isn't really a strategy if everyone else would choose to do it, right? That just means it's common sense at that point. And so using fintech is common sense. Yes.

James Robert Lay:
Yeah.

Jason Henrichs:
The world is digital. People also still want to interact with human beings, whether they're on the phone, chat, in person, right? There are just certain things we need. Everyone needs to use technology. The what behind it, the, why am I doing this, what am I getting out of it, what's different about this, is enabled by technology. But, technology by itself is not a strategy.

James Robert Lay:
Well, I want to roll this back because I think it's important for context. And how did we get to this point in the first place? And I like the Michael Porter reference. How did we get here when it came to leaders thinking about, and really viewing, seeing quote unquote, working with fintech as a strategy? Roll the clock back and bring us up to speed.

Jason Henrichs:
Well, let's go back to Porter for a second. Also in the book, here's my quick summary for everyone who doesn't want to go get their MBA, take his class, definitely worth it. He wrote that within competitive strategy, there are really only two choices, right? He calls a generic strategy. Just doesn't matter what industry you're in. Do I compete on differentiation or do I compete on scale? Scale equal price, which means doesn't mean I necessarily pass that along, ALA Costco, I might push it into differentiation. And then I also determine the scope of competition. Am I competing broadly, or am I competing in some sort of niche? Historically community banks have been able to compete with the largest banks, not just community banks. I'm going to throw in the midsize and the regionals too, have all been able to compete, even though they all offer exactly the same sets of products and services because we needed the branch, right? We needed a human interface in order to execute these transactions.

Jason Henrichs:
Digital transformation began to change that, right? And so this idea of needing the human in my branch footprint being my UI, that's now changed. And so what is become very clear is everyone had this standardized approach. And by the way, I'm going to throw the regulators under the bus because they always ask for your strategic plan when you go through the exam. It's not really a strategy, but we diluted ourselves that it was strategy because it had the word strategy in it, right? And it really was just a plan, which was a set of metrics in terms of where you're going to get to, right? In terms of what do your ratios need to be? What are you looking for profitability? What are you looking for growth, right? And can risk rate it. Those are important things, but it's not a strategy.

James Robert Lay:
And I think that right there is, as you touched on in a LinkedIn article, the real problem with partnership, and you noted that fintech, technology cannot fix an undifferentiated strategy or really I think even deeper a non-existent strategy. Coming back to the idea of really the two paths, I've always really been inspired since my freshman year of high school, now from the Robert Frost poem, two roads diverged in a yellow wood. And, oh look, there was a poster that set right by my desk, and I always looked at that. I was like, 'You could go down that path. You could go down that path." I was never really interested with what was down either path. I always looked kind of like down the middle and I was like, "Let's go there."

Jason Henrichs:
Cut through the woods.

James Robert Lay:
Yeah. And it's probably going to hurt, but you're going to go up to a place where people have not been before. And that is what personally excites me. It's almost like playing Oregon Trail on the old Mac computers as a kid. It's like you're going out west and you're blazing new things. But, what's the solution here?

Jason Henrichs:
Well, let's go back to the Robert Frost here, right? Since we have James Robert lay in there. Robert Frost, the path that most banks went down the first, the one that it was the most well trodden was, can I buy it from my core? And let's think about this from a, how backwards is this? And where did the fintech have the advantage? Is historically banks look to their tech provider to say what technology is available. And that will determine what you have determines my technology strategy. Then, what I can turn on in configure is actually what I'm calling product, not the way the rest of the world thinks about product, right? Is, I'm just going to determine my rate, my fees, add my branding to it. Boom. So now my product strategy is being driven by what technology is available to me. And then what products I have are determining what my strategy is.

Jason Henrichs:
Now, what's wrong with this? Where's the customer in all of this? Well as long as we're going to be on the Porter riff, five forces, what is the bargaining power of your customers? When you all are offering the same thing, there is no bargaining power. There is no better reason other than rate to cross the street and open a checking account or to get a CD or to get a small business loan from that other bank. Except now that it's being delivered digitally, and this is an important one. And I know you love when I throw this one out. It's not just about digitizing your broken processes, right? And digitizing your checking account. No. That is digital lipstick on the analog pig. It is rethinking the experience. Because, for the customer, they don't have a problem with their checking account, which is why, if you ask them, what do

they want out of their checking account? They'll be like, "I don't know, lower fees? No overdraft? I don't know." Because they don't know what's possible.

Jason Henrichs:
When you begin to actually change that, and this is where I think the future, the interesting things will be around embedded finance, that...

James Robert Lay:
Yes.

Jason Henrichs:
... it's embedded in some other experience.

James Robert Lay:
Yep. Yep. And I think a lot of times, once again, you see this, people don't know what they don't know. People can't see what they can't see. One of the greatest examples of that has been with Steve Jobs and the iPhone. He didn't go out and do a lot of market research. He just saw something different and took a lot of different ideas and brought them together in one quote unquote platform. And then that created an entirely new experience. And experience as I define it is well defined systems and processes centered around people that have been thought out, applied. And I think the key here, particularly within banking, is continuously optimized over time, resulting in a positive or a negative emotion, right?

Jason Henrichs:
Yep.

James Robert Lay:
Yeah. And so there's definitely the psychology. When it comes to technology, it's a tool, and a tool can be used to bring people together for good. But so much conversations around digital transformation and I'm like, "Well, what about human transformation?" Why is it that when we go and we look at all of the big consulting firms, they're all seeing the same 60 to 85%. They struggle with digital transformation or they fail. They fail completely. But, what about human transformation here? Where's the opportunity?

Jason Henrichs:
I love how you called that out. Because too often, when we talk about user experience, we're really talking about user interface, right? Needs to be prettier and a better user journey. User experience really is holistic. Not what is what the product of the future is. Not just for financial services, but in general, where is that emotional connectivity? Where does it meet you where you are in your life? Probably now I haven't overused this example because people still don't fully internalize it. No one wakes up and goes, "Do you know what would be awesome? I want to go do a Refi right now, or get a new mortgage," right?

James Robert Lay:
Oh yeah.

Jason Henrichs:
"Because that just sounds fun." Okay. Maybe bankers do, because they're rate watching and panicking and trying to take out as much leverage as they can right now. But, everyone else, it's part of a bigger story. Did I move?

James Robert Lay:

Yep.

Jason Henrichs:
Did I have kids? Are my kids gone? Am I retiring? Getting married, getting divorced? There's your story. And that's the connectivity where even the best of experiences, right? so Rocket Mortgage makes it super easy to apply and get a decision. Eh, it's an improvement. Let me pick on one of my personal favorites, Shamir Karkal, one of the founders at Simple, and I were reminiscing that PerkStreet was founded 2008, Simple 2009. We had product market 2009. I want to say they were 2011. So fast forward a decade, right? Decade plus, and Shamir and I, there may have been cocktails involved here. He's like, "You can get your paycheck two days faster." That's it? That's all we've accomplished in a decade is get your paycheck two...

Jason Henrichs:
I mean, user interfaces are prettier and can open more, but we haven't solved some fundamental issues because I think we haven't re-engineered the system far enough. And what I'm hoping for a number of the banks and the fintech's, here's where it gets interesting is the lazy thing has been to, I can just digitize and that's innovation. But, that's really a defense game. You're just keeping up at that point. Those that are going to succeed are going to just say, "You know what? We need to blow up what we think banking is."

James Robert Lay:
And I think that right there is the root of all opportunity in what I see as a pattern of helping people see things differently than how they saw before. That will then inspire them to think differently than how they saw before. And then when I ask, "Well, what happens next?" A lot of people will respond, "Well, I'm going to do differently." No. You have to feel different before you go and act and do different. And that right there, let's dig deeper into this because it's really about transforming the thinking beyond a tool first or a technology first model to a problem first model.

Jason Henrichs:
Yeah. So we get this all the time, especially, and this is, we jokingly call it the sorting hat for whether we're going to let someone into Alloy Labs. If your fixation is on, tell me which vendor I should use? You're not a great fit because that's not the problem you have. That is the pervasive part of the industry, which is when we ask back, it's like, "What problem are you trying to solve?" And they're like, "I told you, small business lending." I'm like, "No small business ever said their problem was the lending tool," right? You could pick any of a dozen players out there that can go solve this for you. It's what you do with the tool once you have it, right? And that's what's going to differentiate you. And so you better go figure out, what do I do that's unique in this grand ecosystem. Because, being able to make a digital loan to small business is table stakes. You have to do that, but that is not going to make your business blow up and continue to expand.

James Robert Lay:
So, I mean, let's talk culture here because I think culture, once again, this is human transformation that starts internally to transform the mindset of leadership. Where's the opportunity? And maybe what are the roadblocks that are holding them back to begin with, to maybe shine some light on that so that we can begin to create that awareness to then transform the thinking to put problem first model, not tech, not tool first?

Jason Henrichs:

I mean, we've been conditioned. Look at who we've raised up into leadership positions and who you sits in the C-suite. More often than not they come up through the commercial lending side. Now, this is worse than a dad joke. My wife refers to as my banker joke is, what do you call a chief lending officer that has 10% losses in their portfolio? It's an ex-CLO. What do you call a chief innovation officer who has a 90% success rate? Just the opposite of it. They're not very innovative because they're not doing anything that hasn't been done before if it works 90% of the time, right?

James Robert Lay:
Right.

Jason Henrichs:
You're treading the path that is well trodden at that point. If you are going to go off path, right? And so let's go back to the Robert Frost. So everyone went down the main path of, I need to get it from my core. And now they're like, "Oh my gosh, that's the problem because the rest of the world's changing. What's on the other path?" Right? So now it's a race to, "I need to go work with fintech, right? Without stopping to rethink the, what am I trying to accomplish? James Robert Lay, I'm going to cut through the center of this and go where no one has gone before. Culturally that's scary because that means I'm going to do things that aren't necessarily going to work out. And that's okay. And now we're not saying, Hey, you need to go run the entire bank that way. That's a horrible idea. I'm not suggesting that. I've had CEOs call me out on that and was like, "You're saying, we need to run the bank like a startup." I'm like, "No, I'm not suggesting run the bank like a startup. I'm telling you that run the bank that way, but you need to start planting other seeds in other places."

Jason Henrichs:
And I'm not saying, go bet on, we're going to go be the bank of cannabis or go put it all in on like gambling. We are the bank of gambling. Let's go big. But, you need to start say, "Okay, what are things that I can begin to experiment around is I rethink what it means to deliver financial services that I can actually win?" Where there's blue ocean opportunity and is not on buy it for my core or buy it from a fintech path, right? they may enable it. But...

James Robert Lay:
Correct.

Jason Henrichs:
... you've got to get into the woods, if you're going to go find that unique thing.

James Robert Lay:
I like it. I like it. Get into the woods. And I think sometimes that's where you need a helpful guide, someone who's been down that path before. And you've done this. You're doing this right now. I know that within days of going live with CHUCK, you all learned more about how customers would use the product then you could have ever guessed in a roadmap, and you took that insight. And it really comes back to the four, what I call exponential growth environments, where you must be learning, you must be thinking, you must be doing, and you must be reviewing. And the danger zone is where you just get stuck continuously doing, not taking time to review, not taking time to learn through those experiences and thinking about how you could do it even better. What did you learn in reflection of that?

Jason Henrichs:
Specific to CHUCK or broadly, what have we learned about this?

James Robert Lay:
I would say specific to CHUCK, because that's a real practical use case right here of applying this thinking of just continuous innovation iteration, going into the woods to use your analogy.

Jason Henrichs:
One of the first things we learned, well, I say the number one thing we learned is people don't like Zelle. Like a lot of banks do not like Zelle, and there was pent up anger and demand around this. And I think there's insight there because the thing they don't like is it wasn't a good partnership. It was a product being shoved down their throat. And it wasn't necessarily a product that their customers liked the experience, and they had no ability to influence it. But what we learned about our customers was a couple things. One is that there is actually a digital divide of people that are being left behind in digital transformation. And it's a role I think that the branch still has to play where the first bank to go live on CHUCK was answering questions in the branch, of people who were scared of it.

Jason Henrichs:
Because, they've heard, man, and this is a direct quote, just so you know, leading an offsite two, three years ago for a bank. The speaker before me who's was a well known consultant to the community banking industry said, "Never used Venmo. All of your money and your identity will be stolen." Direct quote. Kind of through that down, right? And so the bank board's taking notes, like, "We must never use Venmo." I'm like, "It's not exactly true," but that's planted in a bunch of people's minds now of don't use new tools. And now there's this divide between those, and this is both an age and sometimes a socioeconomic kind of divide that further accentuates the haves and the have nots around tools and ways to do things that we need to keep people up.

Jason Henrichs:
And another thing we learn, and once you embed the ability to interact between payment networks, which is really CHUCK's value proposition, what's unique about it. Well, Venmo, PayPal, Cash App and Zelle are all closed networks. Both the center and receiver need to be on the same network. And we said, Lou, we want to open it up and be a network of networks. Give the choice to the customer in terms of, I just want to send money to you. I don't care what app you use, let you choose that. And so what we learned was there's a huge pent up demand for that, once it was enabled.

James Robert Lay:
What you're digging into here is really where I see such a tremendous growth opportunity, coming back to your point on open banking as a service. And this is about partnership. This is about collaboration. And I know that you note when it comes to partnership, partnerships should be fundamental, not incremental. What do you mean by that? And what are the opportunities to really look at partnership through a fundamental lens and not an incremental lens?

Jason Henrichs:
Well, incremental lens is vendor management. Well, that sounds old and painful. Let's now call it partnership. Well, if you're actually just having a arms length vendor relationship, which you need some of those, not everything is partnership. But, if it is something where you're trying to explore the unknown, you need to actually align, strategically can we agree on a vision for what we're shooting for? And do our ethos and values around how we're trying to accomplish that align? Because, the path through the woods is going to be a lot more painful than you deliver a service, I make sure it's meeting the SLA. If so, I pay you. If not, you remediate. If not, I sue you, right? That's not partnership, right?

Jason Henrichs:

So let me give an example of that. One of our graduates of the Concept Lab is Get Carefull, with two L's, out of New York City. What do they do is they are a platform for caregivers to manage the expenses of aging Americans, right? Fundamental issue. I'm in the thick of it right now. Interestingly, there's academic research that shows you can diagnose dementia five to seven years earlier through financial data than clinically. I know this one firsthand, this is why we're big fans of what Carefull does. But think of over the course of somewhere between 10 and 20 years, there is a progression from when, especially the adult children go from, I can see mom and dad's stuff, to co-piloting mom and dad's financials, to where I am is, they threw the keys to me and I'm like, "This thing's a mess." And so when we approached Carefull and said, "We think you should be partnering with banks." They're like, "What?" And they're like, our fundamental asset, and this is true of all banks. Plant this as the seed for what banks need to do to find a new strategy is their one asset that they have right now, they have existing customers that trust them.

Jason Henrichs:
Now they need to figure out what do I do with that that is unique faster than the startup world and the vendors coming from the side can build their own customer base and their own trust? Because if they don't figure out how they turn that expiring asset into something more valuable than just a bank and a place I store my money, you're going to have on the flip side you're seeing the Chimes of the world are as trusted as a bank. And you're finding these new entrants are providing enough value that I'm willing to take a leap.

James Robert Lay:
I'm so glad you're tying into this idea of what I'm framing as community with current account holders. Because, even down to the point, and it's super tactical, but an email address, right? This is an asset that you can do valuation against. And I want to say it was Shopify to where, through the research that they were doing, an email to a brand is worth about $35, more or less. And I'm like, that's really interesting because then you can start making the case of, "Well, let's go out and let's do some, not audience building, but digital community building." Now it comes back to having that niche of what we're taking about this full circle.

James Robert Lay:
I want to get your take on this because you're talking about this idea of dementia, healthcare. There's such a strong connection between financial wellbeing, physical wellbeing, mental wellbeing, relational wellbeing. How do we empower leadership teams to see beyond just the financial side and look at these other elements that if we can transform a person's wallet, we can improve their physical wellbeing. If we transform their wallet, we can improve their mental, their relational. And Frost Bank out of Texas is doing this. And they have the research to back this up with the program called Opt For Optimism. I want to get your take on this. Where's the connection here between all these different health points?

Jason Henrichs:
So Financial Health Network has amazing data on this in their site. And everyone should go to provoke.fm and listen to Jennifer Tescher's Emerge podcast, where she explores all of these intersections on a biweekly basis. And, when we were at PerkStreet, Phil did some research around the sources of stress. And across the board, and this was built across, blanking now who did the original research, but 85% of Americans say, the number one source of stress in their life is running out of money, across all income classes, right? That's a problem. And it impacts your physical wellbeing, right? It impacts your family life. The number one reason people get divorced is, we are tying this all together, is normally brought back to finances. Well, I think it was infidelity then finances. Those things play into each other.

Jason Henrichs:
And there's the opportunity, and this is where I think banks have struggled is, we have so much data on our customers that our ability to deliver and tailor things that help improve their lives incrementally and even fundamentally, right? I think the fundamental remaking of their lives is a series of incremental steps. We don't have to figure out the silver bullet in advance, right? It is a series of hacks that get us there where it's like, let's try this. Does it help? Let's try this. Does it help? How do we actually take those things, have a big vision for what it's going to look like, but you don't know, back to your Oregon Trail. Pre ways you didn't have it down to the turn when you decide you're leaving the east coast and you're headed to Oregon, right? Weather storms move you south, and the pass is closed, and someone's got dysentery. The journey changed over time. It's why you kept an atlas in the back seat on those road trips because you're like, oh, time to deviate. But the most exciting things you're going to find are going be the ones where you're deviating, you're leaning into something.

Jason Henrichs:
Eric Reese had this really interesting comment. So forget what year it was. I just remember it was cold. It's when he had started teaching at Harvard Business School and we were out having dinner. And Time magazine had just named pivot the business word of the year, right? Talk about something to take you down a notch. I didn't even know having the business word of the year was something on my bucket list that I wanted to accomplish, and here he had done it. And he was kind of down on it though. And I'm like, dude, business word of the year. How can you be down on that? That's pretty darn cool. And he is like, "Yeah, except everyone misunderstands it and misuses it." Turns out he is basketball fan. And he's like, "When you pivot in basketball, it's when you move off of your strong foot, right?" Which is why I'm a bad basketball player, right? I turn into the weak foot and yeah. It all ends horribly. Luckily my wife didn't know this before we got married, big basketball family. Wouldn't have made the cut.

Jason Henrichs:
So he said, "What you see is people say, "Oh we're doing something and we pivoted."" And he is like, "You didn't pivot. You just quit doing stupid stuff." He didn't use stuff, but keep this family friendly, right? You just quit doing something stupid. That's common sense. The pivot is, how do I find a thread of insight that I can pull on, that's pulling me in the right direction? And this is one of the things within banking that I think we confuse all the time; not losing is not the same thing as winning.

James Robert Lay:
Absolutely. And I agree with you wholeheartedly there. Let's look ahead towards the future for just a minute. And this has been such a fun conversation, Jason. What are you most hopeful? What are you most excited about? If you look out, let's just call it a short horizon line three years, because we know how much can happen in three years, if we've learned anything from the last two. But let's look out three years. What are you most hopeful? What are you most excited about?

Jason Henrichs:
Do I get to answer what I'm most afraid of right afterwards? Because it'll influence.

James Robert Lay:
Yeah. Well it's interesting that, I like your thinking because this goes into a strategic thinking question that I use for those in the Digital Growth Institute and the Banking On Digital Growth Program, I asked them, "How do you want to grow?" Right? And it's an acronym. It's goals, and it's kind of like this exercise here where we're leaping ahead and looking back. And then the R is the roadblock. It's like, what do you need to be aware of from your vantage point right now that could trip you up, that could be an impediment to those goals? And then it's like the stoic thinking of, okay, fine. We identify those

roadblocks. What are the opportunities that we can then use to overcome those roadblocks, to work towards those goals for growth? And I think it's so easy, coming back to your point of strategic planning. Well, we have these goals, but we don't even really think about the roadblocks until we're right up on the roadblock. And at that point then it's a real challenge. So let's leap ahead and let's look out, look back and then get into your fear of what I call the roadblock.

Jason Henrichs:
Buckle up, gave me a lot to discuss there. So tying back to the economic question that you brought up before is, right now, good answer, the thing I'm most excited about in terms of ability to fundamentally change how businesses and consumers run their financial lives is the power of AI.

James Robert Lay:
Mm-hmm (affirmative).

Jason Henrichs:
The thing I am most afraid of is the power of AI, and unintended consequences in who actually has access to it and not. And this ties back to your economic discussion, because one of the big problems is often we look at some of these fundamental investments we need to go make, and we say, "What is the business case for creating a data lake or APIs that allow me to extract and bundle and learn from my data and then do something with it?" I don't see the business case, right? Well, let me tell you across our members, the ones who said, yeah, having a core system, and I don't mean core in the traditional sense, but like a platform that is flexible and can move data around, those members of Alloy Labs, that had taken the pain and said, "Yeah, we should go do that. That is probably going to be in the important force in the future." Nowhere in their business plan, in the business case, did they say, "Global pandemic, go to work from home in a span of a week," right?But they said, "Hey, we think for the future, flexibility is important."

Jason Henrichs:
Then those who are hardwired in both their people processes and the systems that support them had the opposite experience, right? They're the ones that at the first round of PPP were like, "We made it. Our people worked 24/7. Pat yourselves on the back." Then you're like, second waves coming. And they were nearly dead by the third wave, or they weren't offering in the third wave, right? So you needed to take the foundational investment to free the data, that your roadblock. But, here's why it also worries me; the law of unintended consequences and what happens when we're able to go do some of this, right?

James Robert Lay:
Yes.

Jason Henrichs:
It is creepy the amount of data that is out there for you. And what worries me is in a hyper capitalistic system, who's looking out for the best interest? In a world that moves slowly, you've got some time to figure some of this out. I'm not arguing the CFPV needs to be all over everyone and in their shorts. But, I think there's something deeper than the regulators because I think they will end up getting involved only when something really, really bad has happened. And it's been pretty widespread.

James Robert Lay:
There's a Harvard Business Journal article that addresses this and I'm going to quote from it. And this is research that I've been doing around banking on change, getting into the subconscious mind. And the

quote is this, 'All knowledge can be used in constructive, socially responsible ways just as it can be used harmfully. The more knowledge we acquire, the more we are faced with this dilemma. If we want the opportunity to use knowledge to benefit consumers, we should not shy away from learning about the inner workings of the human mind. This also runs the risk that some people might use that same knowledge in ways we consider inappropriate. Here, I think all of us have a special responsibility to making clear to consumers and managers alike, what we consider appropriate and inappropriate uses of knowledge. This at least will help lessen the inadvertent misuse of knowledge."

James Robert Lay:
You're right. It's almost like a Pandora's box, because we're going to go really kind of like acentric ethereal with this. But, I'm finding the mind is more and more like a computer. It's programmable, it's hackable. And then you're getting into really like an out there thought, but I don't think it's too far away of using AI and predictive analytics to almost see what someone can do before they're even doing it, based upon previous patterns and behaviors. So you're right. I think it's one, and I don't have an answer for it, but I think we should be having conversations about it for sure.

Jason Henrichs:
So, the brand will remain nameless on this, but what they found is, it's a big consumer brand, that they could predict pregnancy before the couple even was going after it.

James Robert Lay:
I know exactly who you're talking about on this one.

Jason Henrichs:
Yeah. And it wasn't because of you were signaling like, it's not like I want, but what to expect when you're expecting, right? There's a whole series of patterns that when you were beginning to think about having a family, or I should say entering the stage that you're going to begin thinking about it, that signal before you may have even said something to your significant other...

James Robert Lay:
Yep.

Jason Henrichs:
... or partner or whatever, right? That, that is power for good is, Hey, maybe it's time to curtail your drinking, smoking, lose some weight, start exercising. Power for bad, do I begin to influence purchase behavior, take advantage of other changes that make you more susceptible to something else?

James Robert Lay:
Mm-hmm (affirmative). So I think here, I want to get real practical and take us out of a dystopian future, but is one that we should be really aware of. And where do we go from here? And I think all growth, all transformative growth starts at the very small, simple step. What would that be? Because this is something this future that we're all working to create here that I'm hopeful for. It's a bigger, better brighter future. We all grow together. We all learn together. We all win together. But, we can't do it alone. It's too confusing. It's too complex. It's too overwhelming. But this is the collaboration idea. And so where do we go next? What's something that the dear listener can do today to take a step in the right direction for tomorrow?

Jason Henrichs:
I think step one is going back to what is our vision for the future? What do we stand for? And you find a vision that someone else would not necessarily subscribe to. If everyone is willing to subscribe to that vision, that's not a very unique vision. But, if you start with that vision and say, "What's one small thing I can go do to test that vision, in terms of what I'm leaning into in terms of what I want to be and where I'm going to go?" Because the problem with a lot of the business cases, to pick on business cases for a while, is they focus so heavily on ROI. And where is the ROI? And the reality is, in order for it to be exciting, the R has to be, return has to be large and impactful. And as a result getting big R's often requires big I, right? So big investment to get the big return. So, as a result that makes me more afraid from a capital allocation point of view.

Jason Henrichs:
If you want to move nimbly, have a big vision and then go find something that you can test a small R with a small I to go do it, because then it doesn't matter if it doesn't work. Take whatever learning you had out of it, pivot onto the success, right? The strong leg. Lean into what you learned that was good. Now to go do another small ROI project against that.

James Robert Lay:
Yeah. And this is what, in Banking On Change, I'm writing to, you have to care for growth. And a digital growth-topia, acronyms run a muck, because it's the only way that this ADDMI can actually remember something. But, the sea of care is creating a cause and committing to a cause that is bigger than the present moment. And I think that's where, what I call VMVPV. And it is not the vision per se. It's identifying the villain. Who's the villain that we can really rally the horses and the wagons around? Back to our Oregon Trail narrative. Who's the villain that we can rally the horses around, really commit to a mission and a vision? And then the purpose goes beyond what we're doing internally, that goes externally. And then the values that we bring to support all of that, that's how we commit to a cause that is far greater than what we're seeing right here in the present moment. This is personally what I'm excited about when we look at financial services.

Jason Henrichs:
I mean, understandably and dude, one of my favorite banks to cheer lead is Sunrise Banks here in [crosstalk 00:40:36] cities, right?

James Robert Lay:
David Reiling.

Jason Henrichs:
David and Becca, and what they stand for. Not to pick on your acronym, I don't want to screw it up, but I'd say they started with the values, right? They figured out what they stood for and then went and figured out their strategy. And took them to, they're one of the only B Corp banks out there. They're interestingly, it's fewer banks in the US, but they're part of the global association of banking on values, right?

James Robert Lay:
Yes.

Jason Henrichs:
They're committed to carbon neutral. They're committed to being able to deliver to their customers, understanding of what their carbon footprint is, right? Because that is something they value.

James Robert Lay:
Yeah. Yeah. No, I think that's a great point. And that takes time and that takes commitment. That takes some courage too, to look beyond kind of how we've done things for the last 50, a hundred, 150 years for a lot of financial brands here stateside specifically. And then we can talk about internationally as well. This has been awesome, Jason. If someone wants to continue the conversation that we have started here today with you, what is the best way for them to reach out, say hello?

Jason Henrichs:
You can always reach me at alloylabs.com, or @jasonhenrichs on Twitter. That's H-E-N-R-I-C-H-S. Have a listen at provoke.fm, with Breaking Banks. We have some good content out there, some new stuff coming up. Always playing with formats. And we go deeper on a lot of the values and change and places that financial institutions need to lean in.

James Robert Lay:
Yeah. Connect with Jason, learn from Jason, listen from Jason, provoke.fm. Great stuff over there. Jason, thanks for joining me for another conversation on Banking on Digital Growth.

Jason Henrichs:
Always fun.

James Robert Lay:
Always fun. As always be well, do good, and make your bed.