

Mark Vos:

What do we need to do as a financial institution? Banking? Yes, check. Loans? Check. Investments? Check. We do all of them, but it's not about making it better. It was about checking the box.

James Robert Lay:

Greetings and hello. I am James Robert Lay, and welcome to episode 227 of the Banking On Digital Growth podcast. Today's episode is part of the Exponential Insight Series, and I'm excited to welcome Mark Vos to the show. Mark is the founder and CEO of Eko, who is making it possible for every financial brand to offer a digital investment solution. They call this investments as a service. And Mark believes every bank and credit union can make the investing experience truly personal for their account holders. Welcome to the show Mark. It is so good to share time with you today, buddy.

Mark Vos:

It's a real pleasure to be here.

James Robert Lay:

Before we get into talking about what you see as the future of financial services, FinTech, how it all intersects. What's good for you right now? Personally, professionally, it's your pick to get started.

Mark Vos:

I'm in the Netherlands. I'm from the Netherlands. I'm in the home I grew up in. It's the Dutch countryside. I live in New York, and it's the exact opposite of New York. There's more cows around me than people, and that's nice for a change. So that's pretty good.

James Robert Lay:

That is good. And when we first connected, I was sharing how my family came over from the Netherlands to settle Nederland, Texas. And it is such an interesting story, goes back to the late 1800s. So there's definitely a connection there. And speaking of other connections, one of the big problems that you've connected looking at financial services and financial brands is how they are struggling to attract and even keep younger members, younger account holders. What are you seeing and how are you connecting the dots? And more importantly, where might there be a disconnect between leadership and then the younger account holders from your point of view?

Mark Vos:

Right, yeah. This is basically the most important thing that I was trying to solve when I started my company. Look, to me, I was almost a little bit coming in like an outsider. I don't necessarily have a banking background. And when I really got interested in financial institutions, in credit, in institutional banks, I just saw there was so much wrong to it. And then basically I went around asking all my friends, "Where do you bank?" And I heard so often the same story saying, I was banking regional, my parents banked there, this credit union, but they didn't really offer the products that I want, that I need. And they're not that loyal anymore. I think people, my generation, they're a lot less loyal to their financial institution than older generations. I'm 28. Look, if my financial institution is not offering me what I want, one Google search away, there's a hundred alternatives. And I do believe every financial institution, they have such a benefit that this is still the first place that everyone, every generation thinks about when they want these services. But if they don't offer it's easy to find somewhere else.

So I kept hearing that in that story. And I was like, I want to solve that. I want to fix that because obviously I don't have to explain how important it is to keep your younger clients. Because if you can't, then eventually it will be the end.

James Robert Lay:

It will. And I think what we're seeing right now is traditionally, what were the days of the PFI, the primary financial institution, that whole idea has essentially been turned upside down and transformed because of decentralization. And we see the rise of FinTech. We see the rise of neo-banks. Neo-banks continue to expand. FinTech continues to expand at an exponential rate globally. Where traditional incumbent financial brands, banks, credit unions, however you want to call it, they're contracting. And so it's almost like this inverse going on. What is it that maybe the FinTech and the neo-banks are doing to bridge this, I would maybe call it a perception gap? Is it even a perception gap when it comes to a younger generation looking for financial services?

Mark Vos:

Right. So, I think first of all, so what the FinTechs are doing, I think, first of all, I think they pray every day that the financial institutions are not going to innovate, because this is the whole reason they exist. I think second of all, they can adapt fast. Any FinTech that I've been looking into that is doing very similar products than that banks of, they maybe do loans, maybe do investments. They maybe do banking, like neo-banks do banking. They have a very short feedback loop. They adapt very fast, and the word conservative is kind of banned. And I know that's a very far bridge from the traditional financial institution. And there's definitely a middle ground effect. What financial Institute really bring is the trust. They've been around for 150 years. We're going to stay and many FinTechs they don't.

So, I think I'm really looking for that middle ground. And I think in every innovation you have one extreme, then you have another extreme that's trying to compensate so much. And then eventually you will find the middle. So I think if financial institution, I've seen it more and more, they have new job titles, like digital transformation director or chief experience officer, where they are constantly looking at what their clients, their users, their members want. So I think that's the start. And this is what FinTechs do all the time. I think this is what traditional financial institutions don't do enough. But I'm seeing them kind of reach like a middle point.

James Robert Lay:

Yeah. And it's that middle ground I think that we're all trying to dance around, we're all trying to land on. Because as I predict, we'll probably see over the next three to five years with the economic environment that we are moving into, we'll probably see some of the neo's and some of the FinTech, and it's already happening. They're losing funding. Some of them are already folding. But that's not complete failure. That spurred the industry along as a whole. And I think it's easy to sit in the seat of an incumbent saying, "I told you so." But at the same time, that is not going to stop. We're going to see continued innovation. And I think what you said before, it's the outsider perspective.

I recently had Una on, who's a co-founder at lance.app, talking about her journey to launch a neo for the freelancer industry. And she said it was just not having the traditional perspective that has allowed her and her team to do what they've been able to do in a relatively short period of time. They might not have the 150 years of legacy, but they're establishing a tremendous amount of trust in a very niche market. Why do you feel that this is the case, that the outside perspective spurs on the innovation and the growth, if you will, for the future, where the internal incumbent perspective, it is rooted in trust, it is

rooted in legacy? But let's talk about the outside perspective first, because I mean, that's essentially what you're bringing here is you're seeing things differently than what others are able to see.

Mark Vos:

Yeah, no, I think exactly that. So no, what we are doing, we offer a digital investment product. So basically what we're saying to clients, to banks, to credit unions, you're saying, "Hey, look, you've been offering investments for the last 30 years, either you're not offering them or via financial advisor. And what we see is that when you actually offered a digital solution directly on your existing online platform, you can convert 14 times more people, like 14 times." And this is a good story now. But the first time I told this story, two and all three years ago, when I started the business, no one was believing this, especially in banking. They said, "We already have someone. We already have someone who takes care of this. We have a financial advice, it's been going well for many years." And the idea was really, we're checking a box.

What do we need to do as a financial institution? Banking? Yes, check. Loans? Check. Investments? Check. We do all of them. But it's not about making it better. It was about checking the box. And when we started to build the product, we really believe if you have a really simple investment solution, you can start from \$10. It's all right in your face. Your bank is already connected. You're going to see so many more people invest. But the market was so conservative. And everyone's saying like, "Look, it's a conservative market. Not many people will do this." But you need to be, I would always say naively optimistic in these kind of things. You need to be a little bit crazy, right? Because everyone tells you, "Look, we've been doing this for 40 years like this. I don't know if people want this."

You need to be naive. You need to keep your head down. You need to keep working on it. And the only way to convince people is by showing the numbers, saying, "Look, we did make it, and it actually does work." And this is then where we really see the change of behavior. Look, you have an improved product offering. Look, there's more younger people going to your financial institution, you have more revenue. And then you see the change of behavior. And I think this is the case for every FinTech that works with financial institutions. Because if you're a FinTech that works with directly B2C, it's different.

James Robert Lay:

Correct.

Mark Vos:

It's just, you convince one by one, by one, by one. And it's completely different game. I'm pretty sure I would not have the vision if I would've worked in a financial institution for 10 years, because then I would think the same like everyone else. Like, there's no way, we cannot change this. It's been the same. And that's been that outsider perspective, I think this is where it really has a lot of value.

James Robert Lay:

You talked about, it's a bit of education. And I have a model that I teach called the Exponential Growth Blueprint. And it really looks at behavior transformation because all of our behaviors are rooted in the belief systems that we have. And those can be belief systems from our past experience, our successes, our failures. It can be even as deep as our environment, our family of origin. But it's those beliefs that inform the thoughts that we have that go on to influence our feelings, that then inspire our actions, which when repeated become our habits, that lead to our predictable future.

James Robert Lay:

Is it possible? Because then you start looking outside at other examples and other verticals, where slowly over time, new entrance entered into a marketplace, and it was the legacy model rooted in beliefs of the past that they just didn't simply see what was right around the corner. I think Blockbuster, Netflix is one of the best examples of this that everyone talks about. And I'm bored with that. I'm bored having that conversation. I'm more interested in the training aspect, because you mentioned education. And from the research that we're doing here at the Digital Growth Institute, we are finding time and time and time again, leadership, yet alone mid-level management does not feel that either A, they have the time to continuously train, learn, or B, that things are just happening so fast that they're never going to catch up with the mind state needed.

What is the cure? What is the solution to create that space and time to continuously learn of what's going on, not just within banking, but within a larger perspective that connects different dots? Because I think that's how the world is. We're all interconnected now from different verticals. And I know your story, maybe first speak to how you got to this point. Because you were doing pattern matching leading up to this. And that goes back to your early days of the internet. So roll that back, because I think it's the pattern matching of people patterns that has allowed you to see things. And then we'll shift that into maybe how can we continuously empower and educate leaders within financial brands to see the same people patterns that people like you are seeing.

Mark Vos:

First of all, I got to where I am right now, one thing that was pretty significant happened is there was this whole investing boom. And this was during COVID, when all the stocks fell and then jumped up three months later, it was a crazy time. And then out of nowhere everybody was talking about this, everybody. And everybody was going to Robinhood. And at the same time, and it is when I really got started interested in it, because I remember there was a way to do investing everywhere, but everyone was going through Robinhood. And then I kept talking and I mentioned this before, I kept talking to everybody, where are you investing? Why you're doing that? Where would you preferably want to invest? And then this kept going back. This is kind of the pattern that I saw, but we're talking about education here. So this is not really a lesson yet. This is an observation. You're slowly trying to get somewhere, but you're not there. You're not there yet.

And then at the time I was working at a hedge fund, and the first thing we built, and to me it was kind of mind blowing that it was such innovative. We built for our clients a little dashboard that they could track their investments so they wouldn't have to wait for their monthly email every month. And just having these conversations, and this is about millions of dollars. And I was like, "You don't know how your investments are doing? You have to wait every month for that? What? It's insane."

James Robert Lay:

You kind of want that in real time if you've got millions of dollars in play in the market. Waiting till the end of the month is a very risky proposition.

Mark Vos:

Even already that I was saying, "You guys, it's not really hard. I can make that. We can make that for you." Like, "Oh really?" I said, "Yeah, yeah. Look real easy." You start building it and you start... This is the first education step is that even so first you tell consumers that it's actually possible to live manage their, and

I'm talk about investing obviously because of my product, but it goes for everything. It goes for digital banking as well.

James Robert Lay:

Of course.

Mark Vos:

It goes for loans, for digital loans. It is exactly the same. So first you have to educate that the consumer saying, "Hey, this is actually possible." But at your financial institution, if they don't have it, they're never going to educate you on it. So you really have to start with a financial institution. You have to start educating them. And educating, it's funny, I've seen so many different approaches work. Sometimes you say more revenue, you will get more clients, you'll get more revenue. Sometimes it's like you improve your product offering, your clients, members, they will love you. Sometimes younger clients, it's still like you improve your revenue. Because more younger clients.

And I found it was so it was challenging because everyone has a different reason to innovate. But I think it always starts with education. It always starts there. It's just a small, very simple lessons, right? One, everyone is investing off, not at their bank, but off platform. Second of all, clients, they don't even know it exists at their bank. Or they do know it exists, but the financial institution doesn't know what the client wants. So like a dashboard or a low threshold. And then putting them all together, this is really simple. If I would explain every single one of them individually, people are like, yeah, obviously this is not rocket science. But you put them all in a big pot and you stir it, and they're like, "Oh wow, this is actually a product," and this is what we're working on.

James Robert Lay:

When it comes to a younger demographic, a younger generation specifically through the lens of investing, I think there are some trends to be aware of. If we look at a person who works with a traditional financial advisor, they're at a different stage in their life. But the idea of investing is not something that we have to wait to do anymore. It's the decentralization again, that empowers an individual. And I think Robinhood's a great example of what you saw coming out of the pandemic. And the idea of even things blowing up with Reddit and the whole GameStop thing. That's a whole subculture right there that I would say, if you're not integrated and aware of what's going on in the marketplace, yet alone within a certain market segment, you might be missing opportunities, definitely in the short term. But I think those are predictive trends to look out over the next 10, 20 or 30 years. Because like you said, you're 28.

But fast forward to when you're 48, or you're 58, and an executive who might be in their later years, "I'm not going to worry about that because I'm going to be retired in 10 years. That's someone else's problem." But, if we don't begin addressing those roadblocks and opportunities now, it might be too late by the time that you get to that later stage yourself. So it's always about keeping a heads up at the horizon line while still looking in the rear view mirror about where you've been. Not getting complacent, but looking at the trends now and using that in predictive model for the future. What's your take on that?

Mark Vos:

Investing is a mindset. If you start investing, this is a big step. And it doesn't really matter if it's worth \$10 or worth a hundred, a million, you are doing the right thing. And I think it's almost like a financial

institution's kind of responsibility to offer that. And honestly I think financial advisor is great and our product is often next to financial advice. Some people just want to talk to a human. Some people want to have everything digital. That is all fine. And I honestly think financial advice it's perfect in a way. And you can talk to someone you can say, "Educate me more. I'll share my personal story with you." But it's just not scalable enough. And it's not for everybody. It's a high threshold. It's long onboarding. And I think it's almost like a financial institutions responsibility to offer investing because it's such a big part of, let's say growing up, let's say taking good care of yourself.

James Robert Lay:

And there's so much, coming back to the idea of the behavioral model, there is so much once again, a person's belief system. Is this something that I can do? I would say, for example, I am 40, almost 41. And if I go back to whenever I was 18, they talked about it in school a little bit, but it wasn't that big of a deal. Now, I loved reading and I read two books that pretty much changed the trajectory of my life forever. One was Rich Dad, Poor Dad. And then the other one was The Millionaire Next Door. And so that really just, at the age of 18, I started seeing things a lot differently that guided my decisions going forward in life. And so I think where we'll call it just the gen Z generation, compared to the millennial generation, compared to the X generation, compared to the boomers, things are happening earlier and faster. And I do see maybe FinTech and the neo leading in that space compared to the incumbents.

I think of a couple of people that we've had on the podcast. Chad Willardson being one of them. Financial advisor wrote a book called Smart, Not Spoiled. And he is a co-founder in a startup called GravyStack, which is really geared towards targeting parents with kids. And we're piloting the platform. And it's teaching these behaviors at a much earlier age because it doesn't matter if it's \$10 or a hundred dollars or a thousand or 10. I mean, it's multiplied at that point, but it's the behaviors that we establish early and often that I think lead to this type of a future, like you said, mindset. Where's the opportunity for incumbents, banks, credit unions to not just provide the platform, but to offer the coaching? And I don't want to say the guidance because that's getting into the financial advisory space, but I would say just the coaching to empower individuals to establish maybe new beliefs around money that could help get them to a new future that was not possible previously?

Mark Vos:

And I think it's very interesting the financial advisor example. And I have nothing against financial advisors. I think they're great. And I think they're very suited for a group of people. But if you want a little bit, even if you want less, not guidance, but less training or a little less intense. We don't want a [inaudible 00:25:26] monthly. I don't want to be on the phone all the time. I just want to pull some money out. You don't want that. I think there's so many stages before that, levels of intensity, I like to call it. I think this is where financial institutions can help so much.

Some people, all I need is a frequently asked question section, all they need is that. And it's completely fine. Some of them, they might want to call their financial institution once saying, "Hey, I did this. Can you help me?" I have a question once a year, right? Different level of intensity. There's so many levels in between. And I think the best financial institution can offer every single level instead of, "No, we only offer this very intense level of support and nothing else." And I think is being adaptive. I think that's the most important thing.

James Robert Lay:

Meeting people where they are. I like the levels of intensity. That makes a tremendous amount of sense. And I liken the world of financial services to that of healthcare and maybe even health and fitness to be more specific. Because you can get a Peloton, and that Peloton membership comes with the ability to ride with a peer group, a cohort of sorts. You could get a gym membership. You could get a gym membership with a trainer. And once again, it's different levels of intensity based upon where people are. And I like the idea of meeting people where they are on their own journey, because they probably will flex in and flex out based upon different stages of life even. When you think about the future of financial services, what are you feeling most hopeful and optimistic about?

Mark Vos:

I do really like the way how financial institutions are set up in the US, where all everyone has the original bank, the original credit union. These have been around for so long. And sometimes you need to really feel the need to change, and I think we are all feeling it. I think the average, no one really wants to talk about it, but the average age of a member or a user in a regional bank or credit union is just really old. And I see such a big change right now. I see you used to have the CEO like mid fifties, they've been there for 15 years. And the only reason they're there is because they don't want to make a mistake. And if they don't make any mistakes, they will stay until they retire, and it's all good. And of course it still exists, but that's no longer the case.

Not doing anything is making a mistake. And it really starts with setting up how you set up a company. So giving people different job titles, giving people different roles. I really like talking to people that have the job title, Chief Experience Officer. Their only job is listen and bring that back to the team. Listen to all the clients, listen to all the users, and they're like, "They're experiencing this." And that's been a really big trend. And I think we're changing fast. 10 years ago, banking as a service, like a digital bank, many, many financial institutions did not have a digital bank. And it's almost insane to think about it that 10 years ago, many of them, also many did have it, but many of them didn't have a digital banking platform, let alone a mobile app for banking.

James Robert Lay:

It was essentially it was in its infancy and we can roll that clock back because it's 2022 right now, we're coming up on the 30 year anniversary of Wells Fargo launching the very first online bank back in 1995, May 18th, 1995. And so when we hit 2025, that's 30 years. And you see what the progression has been. And I think your words right here, and your thoughts are echoing Ancin Cooley, who I just had on the previous episode. And we were talking about the need for governance and really oversight to put some pressure in a positive manner so that we don't get stuck in the cave of complacency. And you said a couple of words in your previous thoughts, and there was one that you said a few times, you said see, like see. And I can't help but think about, and also feel you mentioned see, you mentioned feel, and I can't help, but think about the banking on digital growth process, to where that is framed around helping people see what they cannot see, to gain a different point of view that leads to clarity, that leads to new beliefs.

When you see things differently, then you think differently about your next steps forward. But just because you think differently, does that mean that you're going to act or do differently. To bridge the gap between the thinking and the doing, it's the feel. And it's the feeling. It's the commitment, to feel committed, to transform, to do something different because you're convicted. Because you have inspiration or you've been inspired, or you have a vision of something greater than the present moment.

It's that feeling, that's where I see the transformation begins to unfold. And there was an HBR Journal, Harvard Business Review Journal article that was framed around transformation is more emotional than it is quantitative. It comes down to the feelings and the emotions that we have as individuals, as teams, and all of that gets multiplied up to the organizational. So I almost think it's, when you're thinking about organizational transformation, quote-unquote, digital transformation, I've always talked about EQ, emotional intelligence, being a key trait required to maximize future growth.

But even through our conversation today, just now, it's almost like not just EQ, but OEQ, like organizational emotional intelligence. And that's from an internal perspective with our team members. But one of the things that you were mentioning before was at the chief experience officer and that job, that role is to just listen. Listen to what people are saying, but also observe not what they're saying, but what they're doing, because actions often do speak louder than words. They can say one thing on one hand, but then their actions would be completely different going forward.

Mark Vos:


Most important thing like hands down, when you would talk to financial institutions all the time and more revenue, more money, whatever. But at the end of the day, I don't think there's anyone who works in a financial institution who doesn't want the best for their clients, for their members and for their users. But I think the way financial institutions have been for the last 20 years, as long as we're stable, we're good. And I mean, this is where right now they're losing younger people because no, that's not... Stability is great, a hundred percent, but we will still go another place that is a little less stable, but it has a little bit more of the products that let's say my generation wants and needs. And especially now everyone's talking all the time to each other. And I would say, offering a good product, you don't have to change the product every three months, six months. There's always something slightly better. But just making a product digital, making it accessible for everybody, I think that's a really big step that it is so crucial there.

James Robert Lay:

Incremental improvements lead to continued optimization, which leads to continued growth. Mark, this has been a fantastic conversation today. And I thank you for the perspective that you've brought. As we wrap up, what is one next best step, something simple, something small that the dear listener can commit to continue to move forward on their own journey of growth, specifically through the lens of keeping their eyes and ears open to new opportunities that they might not either A, be thinking about or others in their organizations might not be thinking about so that they can always be learning, and that learning leads to continuous growth. What's that one thing that you would recommend that they do next?

Mark Vos:

You can do something so simple as call 50 of your users, 50 of your clients. So like, "Hey, how are we doing you? How do you like what we're doing?" It takes two, three hours every day. You don't even need chief experience officer for it. And everyone is always busy, and I get that. I'm busy, you're busy. We were just talking about how busy you are. I was just talking about how busy I am. But that insight, I think that's already such one step. And try to have a real conversation, try to dig a little bit deeper. Very often the top of minds issues and stuff like that, they have an underlying cause. And I just think that that conversation is great to have. Because this has been my journey, right?



I kind of joked to say this, but it's true. Four years ago, I didn't know what a credit union was. We don't have credit unions in the Netherlands. I moved only recently to the US. So all I had to do, the only thing I could do was talk to everybody as much as possible. The last four years I've talked to so many clients, users, members. I talked to so many financial institutions. I was like, I need to learn everything that people have learned in 20 years, I need to learn it in two. And those are the conversations. This is where you learn everything. So at least for me, it's been kind of like the one ingredient of the magic formula lines. It's not the only one, but a very, very important one.

James Robert Lay:

And I think that right there, it's about going all in on people, asking, listening, asking really good questions, listening to what they say, and then also learning through observation is a great way to continuously learn so that we can maximize our future growth potentials at our own organizations. Mark, if someone wants to continue the conversation with you, what is the best way for them to reach out and say hello?

Mark Vos:

LinkedIn, email, mark@eko.investments, those are the best two.

James Robert Lay:

Connect with Mark, learn with Mark, grow with Mark. Mark, thank you so much for joining me for another episode of Banking On Digital Growth. It has been a lot of fun today, buddy. I appreciate it.

Mark Vos:

Thank you so much.

James Robert Lay:

As always, and until next time, be well, do good, and make your bed.