

Nicholas Belesis:

Banking executive is going to have maybe a very different experience personally than the 73 year old grandma who's a member of that credit union. And the moment you can break that barrier of perception and get them thinking along the lines of the member base of the customer base, that's when you're actually going to start to see impactful changes being implemented.

James Robert Lay:

Greetings and hello, I am James Robert Lay, and welcome to episode 267 of the Banking on Digital Growth Podcast. Today's episode is part of the Exponential Insight series, and I'm excited to welcome Nicholas Belesis to the show.

Nick is the VP of growth at Scientia, where they have designed the world's most comprehensive digital banking research platform, FinTech Insights, so that financial brands can gain clarity into what the industry standard is when it comes to user experience and how to be even better to maximize your digital growth potential going forward into the future.

Welcome to the show, Nick. It is good to share time with you today, buddy.

Nicholas Belesis:

Yeah, great to be with you as well, James.

James Robert Lay:

Belesis.

Nicholas Belesis:

Yeah, Belesis, Belesis. Yeah, there you go.

James Robert Lay:

And where's that from?

Nicholas Belesis:

Greece.

James Robert Lay:

I love it. Belesis.

Nicholas Belesis:

Yeah. Even for Greeks, I have a super unique name for Greeks. My name comes from a tiny little village that there's 10 people that live there maybe.

James Robert Lay:

Did you know, I don't know if we talked about this when I saw you in New York, that my wife is Lebanese?

Nicholas Belesis:

No, I did not. No, I don't think we chatted about that. No.

James Robert Lay:

Yeah, because you mentioned, you're talking Greek and Greek culture. My wife is Lebanese. And were you born in Greece or were you born in stateside?

Nicholas Belesis:

No, I was born in the States. I was born stateside. Yeah, my parents immigrated over.

James Robert Lay:

Both parents are Greek?

Nicholas Belesis:

Yeah. It's crazy, just side bit. My parents are maybe an hour and a half away from each other in Greece, they're villages that they grew up. But they met in the US.

James Robert Lay:

Oh dude. Okay, so we're going to go down here. My father-in-law is Lebanese blood, but he was born and raised in Syria in a little village called Tartus, which is north of Lebanon. He came over here, I think like 1954, 1955. He was 18 years old, didn't speak any English. His mom sent him to live with family in Louisiana because he was wanting to marry some girl, and she was like, "We're not having any of that."

So then he started a business in 1964 in a little suburb outside of Houston called Pasadena. Pasadena's claim to fame is Urban Cowboy. So John Travolta, mechanical bull kind of a thing. And he actually met my mother-in-law here in the States because she came over in the early '70s, maybe she was 16, 17 years old.

Her father was an accountant for an American company and he'd who would travel a lot, so he brought the whole family over. And yeah, they met here in the States. Maybe they were two hours on both sides of the border were from where they're from, in Lebanon and Syria. And we went back in 2007 and they still have family over there. And I love it, man. I love, love culture. I love stories like that. So thank you for sharing.

Nicholas Belesis:

Yeah. No, of course. For sure. No, I love to hear it too. Yeah, it's crazy, man. The world's such a small place and you don't really realize this sometimes.

James Robert Lay:

Before we get into talking about insights for financial brands and FinTech through quantitative and qualitative lenses, what is good in your world right now as we start 2023 together?

Nicholas Belesis:

Well, what I'm really excited about is the opportunity this year really as the world's opened back up to be able to meet with a lot of colleagues. People that I had met in person prior to the pandemic, people that I had only gotten a chance to video meet over Zoom as well as certain phone calls. So I was really happy to be able to get back in person, face-to-face conversations and really connecting with people.

James Robert Lay:

It's one thing that I've experienced as I look back over the previous year and then looking ahead to this year. Even in a digital world, it is good to create space. It is good to create time to come and connect together.

How we met was in person at FinovateFall in New York, and we were talking there. And I'm thinking about everything that you are doing, everything that your organization is doing, insights, helping financial brands understand the ever-changing, ever-transforming digital landscape. Is it transforming faster or maybe it's a feeling, maybe that's an emotion, or is it actually really transforming faster and faster and faster? What are y'all seeing through the research that you continue to do there?

Nicholas Belesis:

What we're really seeing is, again, different segments of digital banking are moving faster than others. So let's break it down. There's the guys like Revolut, there's these fintechs, these super apps who can end up pushing out a feature, a change to a feature once a week, twice a week. So they're really innovating and implementing at a really rapid rate.

You have some of the incumbent banks, the guys like Bank of America, Wells Fargo. They move at a bit of a slower pace. Maybe they're releasing features every six months or so. But what we're really seeing is that reevaluation of, "Okay, there's some of these super apps coming in, there's some features being offered here, which our members, our customers are looking to be able to utilize. Maybe we have to start taking into consideration implementing some of these features at a faster rate."

And then we come down to really the credit union space and the credit union space is facing, again, in my opinion, many ways do or die situations. A lot of them running on legacy platforms. And what they're really doing is finding a way to identify the correct technology partners and identify how they can best serve their members through digital channels. And I think the pandemic really kicked this into gear for them where it was maybe a little bit of an afterthought, but it's on the front of mind currently is what I would say.

James Robert Lay:

Well, when you look at say credit unions, and I think closely aligned with credit unions is also community banks. Y'all did research around this and you found that the biggest gaps are in wealth management in junior accounts. What were you identifying on these two fronts? Where are these gaps and maybe what caused some of these gaps to begin with in the first place? Because I've interviewed others on the podcast who are really trying to shore up or provide a path to bridge, say the wealth management gap. But what's your take here?

Nicholas Belesis:

So there's a couple different factors, I would say. When it comes down to the wealth management, obviously with the crypto markets being the way they were let's say two years ago versus how they are looking now, there was a big trend in terms of being able to implement features for crypto trading onto some of these digital banking applications, web portals. And really we've seen even some credit unions in the US and regional banks implementing the ability to trade cryptos.

I think what's happening is, again, a lot of the super apps, the Revolut's, guys like Cash App, they're offering banking services. They're taking a portion of that wallet share and they're giving these extra

added features to the users, again, like wealth management trading. That's incentivizing them to go and bring more and more of their money there. And I think that the gap there has been, okay, maybe from a technology standpoint, they haven't had the infrastructure to support the trading. And then also at the same time, I think that they just didn't identify that as a particular need for the customer or for the member.

And I think as these super apps are penetrating more and more, as there's more fintechs coming into the market providing niche functionalities specializing at first and then sort of spreading their wings and their webs open with financial services, creating more partners and adding more and more, it's just eating more and more of that wallet share. And I think that's why it's become a focus point at this point.

James Robert Lay:

I want to roll this back just a bit. You've mentioned this a couple of times. For context for the dear listener because we do have a global audience and everyone is at a different stage of their digital growth journey. You mentioned super apps. What do you mean by this and how is a super app different than, say, a traditional mobile banking app?

Nicholas Belesis:

So we look at somebody like Revolut compared to let's say Wells Fargo. Wells Fargo, they're offering the standard banking services. They have your checking account, your savings account. You have your loans, your credit, your typical money transfers and so on.

When you look at someone like Revolut, they're offering extra added services in. Now again, Revolut, they have subscription-based services for you to be able to add on particular things like travel insurance. Even when it comes to winter sports. Let's say insurance, if you get injured while you're skiing, they get you covered there.

So what they're doing is they're starting to package in, add in other services that might be outside of the digital banking scope and being able to make a space where individuals can get everything done from a single app within that digital channel.

James Robert Lay:

I want to pause on the subscription service side of things. I look at that as a tremendous growth opportunity for incumbent and traditional financial brands. I wrote about this in Banking on Digital Growth. I continue to speak about this. I look at this as product differentiation, product packaging and reinventing product here.

When you think of subscription-based services like insurance, where might there be other opportunities to package up product or package up subscriptions that could create value that we might not inherently think about through the lens of financial services, but they're complimentary? You mentioned insurance. Are there other areas that you could think of here for the dear listener to provide them with a new perspective going forward?

Nicholas Belesis:

Yeah, one of the things that we could take into consideration, for example, is bringing in features functionalities from the hospitality sector. So loyalty points, looking at being able to integrate certain

booking, taking advantage of let's say airline bookings. There's literally a just variety of consumer products that you could implement in through these financial services. Again, with the correct partners to be able to maximize growth and to be able to really maximize that exposure into whichever segment that you're looking at. And again, I think that the possibilities are endless there.

James Robert Lay:

One thing that I've talked a lot about is the connection between a person's financial wellbeing and their mental wellbeing, their financial wellbeing and their physical wellbeing, and I want to get your take on this. I see opportunity to look at packaging up, we'll call them more mindfulness mindset-type of product that has the potential to be subscription based and you can have a tiered approach.

So for example, you might have on-demand guidance. And there are mindfulness apps out there. It'd be interesting to see a collaboration even. But if you need that next level of, we'll call it guidance, and not service, but true guidance, coaching if you will. And that's maybe more of a mid-level, even a premium subscription model. I think about the Financial Gym out of New York and the work that they're doing, and I think they charge about a \$95 a month membership fee.

Where might there be opportunities here for incumbents to once again package up differently that look at the holistic health, wealth and wellbeing of a person, not just their wealth or financial side?

Nicholas Belesis:

Yeah, I think you bring up a really great point here, and I think that this is one of the major distinctions that these incumbent banks have to make. So when they're looking at the millennials, when they're looking at the Gen Z, these are a lot more digitally savvy individuals and maybe there's less of a focus on being able to package some of these digital things together from that incumbent side.

But again, it presents a huge opportunity. These guys have huge development teams, they have the manpower to throw behind it. And we do realize that the millennial Gen Z generation, they are looking at that more mindfulness approach, a better work-life balance. And something that wants to cater to them, if these incumbent banks want to do it, they're going to be able to serve them in that sense. And again, it's a great idea there. Being able to put mindfulness, meditation practices. And even that all important, just being able to be informed on your own finances, how to be able to perform certain actions.

I can't tell you how many people I know who are looking up just basic financial knowledge on YouTube because they were never taught it and then they just ... At no point in their life did they have to go through that process until it hits some smack dab in the face. So I think that, again, that financial literacy is something that's huge that can be brought in by the incumbent banks, because again, they're the backbone of it. They know about it supposedly, so they got to be the ones educating those users on it.

James Robert Lay:

You've got the financial literacy, and that's knowledge, but knowledge alone is not power. It's applying that knowledge. Like you said, you can go out to YouTube or TikTok. And I think one of the interesting things when we're setting the TikTok trends here with financial knowledge, quote unquote, is not all of it is sound. It actually can be very dangerous. And if my memory serves correct, there was a recent article that came out of some social media influencers that ran up some stock prices and now they're in trouble

with the feds because they were using their influence to manipulate stock prices with the people that followed them.

So I think there's that, and that's where, once again, if you bring this back into a centralized area of focus, even the idea of optimism ... There was an article from US News and the title of the article questions, "Are you an optimist? Your Health may depend on it."

Well, now we can connect that dot with research that Frost Bank out of San Antonio, Texas was doing. That they had a program and a platform, they partnered up, I think it was with the University of Texas, and looked at the correlation between optimism and financial wellbeing and they found that optimists are more financially healthy.

So once again, we're diving deeper into this piece of mindset. And I think when you look at say the research that you're doing, it's not just numbers dollars and cents. There's a lot of emotion that goes into these digital experiences.

Where might there be a gap in, say, a traditional banker who is very smart, very analytical, they're a left brain driven leader. But when you talk about user experience, experience and experiences are very emotional activities.

Nicholas Belesis:

So what I would say is the gap there could definitely be, okay, what's the rigid regulation that we have to walk down? What is the path that we have to take that we've known for the last 10, 15, 20 years that we have to take here? And they're going to be looking in that sense from the technical aspect.

One, two, three, four, this is what we need to do. That more human-centric approach is finding ways to reduce friction in any of those journeys. Sure, you have to be regulatory compliant, but there's easier ways to be able to bring those journeys to the clients and the members.

I have a really easy example, which I like to bring up a lot of the times. When it comes to a, let's say KYC process, you're about to sign up for an account. Let's say I live in the state of Utah. If I'm going in and I'm going to sign up for the account and I have to go to the state box and as opposed to going in and typing UT with a text field, many banks, they're going to make you hit the dropdown menu, scroll all the way down to UT and select it.

Now, that's a very simple fix that's going to reduce friction on so many parts of any application that bank is going to have. And again, it's just something from a human-centric point of view as opposed to the regulatory list everything out. You're going to have a lot better experience for that customer to be able to be onboarded.

James Robert Lay:

I think you're onto something, and I want to dive deeper into this. You mentioned it's a very simple fix, but it reduces friction. Because I can't recall the data that I was reading and the research that I was reading, but it was essentially like for every 10 seconds added to a user's experience, it exponentially increases the abandonment say of an application.

Where might there be other opportunities to reduce friction from these simple points of view while still be regulatory compliant?

Nicholas Belesis:

So I think we've seen some interesting implementations for this. I would say when it comes to ID verification. Now, that's something that's huge. Every single institution out there is looking to mitigate risk as best as possible, especially this time of year. Holiday season, the fraudsters are in full force.

So couple ways that they have to do this. Again, they have to be regulatory compliant. But they also need to understand who's the best partner for them to link up with to be able to get that proper identification verified. And again, not all the parts are going to fit equally for each institution. And I think that one of the great, I guess, capabilities is to be able to understand, okay, how have these people implemented their KYC, their ID verification live through a particular portal?

That's really one of the ways that we are able to give those insights. And I think it is a huge aspect of being able to actually see, okay, this is the process that they go through. We've seen with some of the digital banks, for example, Revolut, 1026, they're using face identification. You're taking a picture of yourself and it's being matched up with your ID, and these are ways that are really reducing that friction process for the user to get onboarded.

James Robert Lay:

You're talking, I would say, some more advanced implementations here, particularly when we're thinking about the United States. Keeping up with all of this transformation, transformation of experiences, opportunities to reduce friction. I can't tell you how many CEOs and executives have told me, "James Robert." And a lot of times it's in private because there's a bit of a pride in the ego thing. "I don't know what I don't know." And I often will stand in front of an executive or a senior leadership team and I'll say, "How many of you have opened an account, gone through the application process at a neo bank or with a FinTech?" And a very small percentage will raise their hand and say, "Yes they have." The vast majority are like, "No, we've never done that."

And that's where I think of this ongoing competitive analysis, competitive benchmarking provides a tremendous opportunity to help the unaware become aware of what's going on in the real world. And it's one thing to talk about it and it's one thing to show screenshots, but it's a whole other thing to experience it yourself. But then that creates challenges as well because then you're opening up all of these accounts with organizations and financial brands and fintechs, whether they be stateside or around the world for that matter. Because there are different things that are happening, say over in Europe or in APAC.

What's the challenge there? Why is it not feasible to just go and open all of these accounts and apply for loans in all of these different organizations? What's the danger with that? What's a potential roadblock that could keep an organization, keep a leader blind to only knowing what they know?

Nicholas Belesis:

That's a great question. So I think there's a couple different paths here. Obviously the first roadblock that they're going to face is if they're trying to see someone in Europe and they have no way, because they're

not a European to open the account, they're just going to be out of luck. So there's obviously geographic barriers.

Even if we look at from regional banks, the credit unions. I might be in a state right next door, but I might not be able to open up that credit union even though they might be siphoning some members from me in that area. So there's a couple factors there in terms of geographic barriers to be able to open these accounts.

The other is even the selection process. Let's say you do go out there and you look at it, you're going to have a limited field and a limited perspective in terms of who you're looking at. So there's only so many accounts you can open. There's only so many journeys that you can go through and see and understand. Eventually many of them might start looking the same from your own phone.

So what you need to do is, again, get a huge spread, a widespread of across different institutions, from the very highest incumbent players with the largest asset sizes to some of the innovators in let's say the FinTech space, to even the regional banks and credit unions. Who might be, because they're more member-centric, have some interesting features and some interesting ways they've implemented UX to those potential customers of theirs.

James Robert Lay:

I think of a recent engagement I just did. I essentially did an hour-long show and we were looking at just front end positioning within the marketplace, and we looked at five different examples, benchmarking them against a community organization, community financial brand. And there was maybe about 20, 25 people in the room. All the way from senior leaders from different business lines, retail, residential, commercial, small business. And the aha moments that begin to go off because they were seeing things different than how they saw things before. And I think that's the first step of any type of transformation. And I'm writing about this in Banking on Change. And you know what it?

Okay, Nick, so when someone sees something different, they're going to begin to think different. But when someone thinks different, what happens next? What's the next step for them in their own transformational journey? What do you think that is? And there's no right or wrong answer, I just want to get your take on this.

Nicholas Belesis:

So the moment you get someone to start thinking differently, you have to change their perspective. So what do they need to do there? If you change their perspective, you're putting them into someone else's shoes. So what they have to do from that point is walk a mile in that individual's shoes.

An executive is going to have maybe a very different experience personally, a banking executive, than the 73-year-old grandma who's a member of that credit union. And the moment you can break that barrier of perception and get them thinking along the lines of the member base of the customer base, that's when you're actually going to start to see impactful changes being implemented.

James Robert Lay:

So what you're diving into, and it's interesting how you took this a little bit different and I think a lot of it's your background. If I asked that question to a banker or to a credit union leader, the typical response

is, "Well, I see different, therefore I'm going to think different, and I think different, therefore I'm going to act different." And you rolled that back, you said, "No, they got to walk a mile." And I said, "To bridge the gap between thought and action." Because there's the knowing and then there's the application of that to grow, it's feeling and emotion, it's empathy, and you're right.

That's where I think your perspective of the world has helped to shape how your answer's different and I would say it's the correct answer to actually apply the knowledge. Because if I think about transformation within organizations, yeah, we're learning a lot and yeah, we're seeing things differently we're thinking about it, but there's a gap to actually applying that. And it's the feeling and the emotion. Because the desire, the feeling and the emotion must be far greater than the desire to remain the same.

Through your worldview, how would you encourage the dear listener, now with that awareness of that mental model? I see different, I think different, but I must feel different before I do or act different. How could they positively influence emotion internally to actually apply the knowledge that they're gaining, say from looking at all of these different experiences? Because it's one thing to know, it's another to grow.

Nicholas Belesis:

So I think that, again, depending on which groups are identifying, let's say within the bank. There's going to be different verticals of types of clients. They need to actually go and understand what's being said, what they're being told, what are some of those feedback loops? Because typically what I find, and again in my own personal research, I'll do some looking up on app store ratings and someone's going to comment in two scenarios. When they're very happy or when they're very upset. So there's going to be some sort of emotional reaction-

James Robert Lay:

There's no lukewarm,

Nicholas Belesis:

... Yeah, there's no lukewarm on the app store really. You're looking at either rave reviews or a one star and they're saying things that we can't repeat here. So again, the way that I see it is looking at that member, that customer feedback. Seeing what's being asked for, not necessarily just within your own bank, but even within the greater community. Identifying where are your target areas for growth to be able to serve those needs. And then again, walking in their shoes and understanding what do they need? What does this person go through on their day-to-day basis?

You can take, for example, someone millennial. That's someone who maybe is dealing in paying back student loans, is dealing with some personal finance management. Maybe they're looking to get into a little bit of trading as well. There's multiple factors there, and they have to understand what is it that my customer needs and I have to be able to go in and serve that directly to them, or someone else is going to eat up that wallet share for me.

James Robert Lay:

Yeah, that's a great point. As we start to wrap up, I always like to look out to the future with hope, with optimism. As you look out to the future, Nick, what are you feeling most hopeful and optimistic about

for financial brands to continue to optimize digital experiences that guide people beyond, say, financial stress and frustration in the present moment towards a bigger, better, brighter future?

Nicholas Belesis:

I'm really a big fan on financial freedom. I kind of tie it back to sort of that super app thing here and the way that I look at it is the best we can take the handcuffs off the traditional way that we bank. We see a lot of people moving now becoming digital nomads in terms of their work and their job. They need to be served in banking. Living, let's say internationally, but being an American citizen, and even vice versa.

I think that the world is opening up in terms of connectivity, being able to create a greater global financial community. And I think that I'm excited about the path that we're taking forward in making those connections. I am a big believer as well in blockchain technology. I think it's something, moving forward is going to be a huge key to unlocking that in the future.

James Robert Lay:

Dive deeper into that. Where is the opportunity on blockchain? Because it's one that I suspect and can even quantify that the average financial brand leader has a lot of confusion around blockchain, and we're starting to do more and have more conversations there. But what's your take on blockchain? Where are the opportunities?

Because once again, if I look at things like blockchain and Web-3, it's 1994 all over again. If you were a financial brand leader and it was 1994 and you were hearing about this thing called the internet and the worldwide web, your mind was, "How is that going to impact my business?"

I think now almost 30 years later, think 2024, that's a 30-year horizon line, blockchain is that next big thing to build on. What's your take there for future growth opportunities when it comes to this idea of freedom of what you're talking about?

Nicholas Belesis:

So I think that there's going to be a lot of, let's say automation that's going to be taking place within that blockchain. And it's not just the typical sort of products that we're seeing from the blockchain. Everyone has that crypto craze.

But for me, the way that I look at it, I want to take it to the next level. I'm looking at mortgages, I'm looking at smart contracts. I'm looking at businesses who are going to be able to take the millions and millions of data points that they have, organizing it a particular way to be able to, let's say, identify and assess risk at a high rate and being able to give out credit based on that.

We see some small problems coming out with Klarna this past year on that buy now, pay later. I think that with a blockchain integration in some ways there, they're going to be able to identify higher levels of risk and they're going to be able to have more success on those return payments back. For me, it's really the extra added services in blockchain, smart contracts and so on that are really where these opportunities are going to take off.

James Robert Lay:

As I reflect on the picture that you're painting of the possible future ahead, the key takeaway is to be a lifelong learner. And that's one of the four principles for us here at the Digital Growth Institute. And I recall Alvin Toffler, he was a futurist, and in 1970 he wrote, "The illiterate of the 21st century will not be

those who cannot read and write, but those who cannot learn, unlearn, and unlearn." And I even think about Socrates, "The definition of knowledge and wisdom is I know nothing." And so if we can just approach every day with that, we're going to be able to reframe our perspective going forward into the future.

On that note, Nick, when you talk about reframing ... And I want to always leave the dear listener with an action item that they can take forward, something small, something practical. As all transformation that leads to future growth begins with a small simple step today. What is one small, simple thing that they can do to continuously gain insights from the marketplace to then take that knowledge, take that wisdom, and transform it into action going forward?

Nicholas Belesis:

Yeah, so I would say that my suggestion here is know yourself first and foremost. Don't have a perception of yourself, but truly understand yourself. Where you sit within your own marketplace, within the greater marketplace. And then after you really truly know yourself, understand what is expected of you from that member base, from that customer base, and then decide where you want to be.

And I think those are the big three questions that you need to understand. Where am I? Where do my customers want me to be and where I do I need to get to? And if we start thinking from those perspectives, I think that it's going to lead to simple answers and simple steps forward to be able to achieve that growth and that transformation.

James Robert Lay:

It is all about simplicity, and it does start by knowing yourself. And I think about Sun Tzu when he wrote in The Art of War, "If you know the enemy and you know thyself, you need that fear of the result of a hundred battles."

Nick, this has been a fantastic conversation. Thank you for your knowledge. Thank you for your wisdom today. What is the best way that someone can reach out to you, connect, say hello, and continue to the discussion that we've started here?

Nicholas Belesis:

Yeah, it's always a pleasure chatting with you as well. And best way to find me is on LinkedIn, Nicholas Belesis. You can find me on there, VP of Growth at FinTech Insights by Scientia. Shoot me a quick message. Always happy to connect and have a chat.

James Robert Lay:

Connect with Nick, learn with Nick, grow with Nick. Nick, thank you so much for joining me for another episode of Banking on Digital Growth. This has been a lot of fun.

Nicholas Belesis:

Yeah, appreciate it. Thanks

James Robert Lay:

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