



A Division of Leader Bank, N.A.

ZRent: One Bank's Entrepreneurial Response to Customer Needs

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About Leader Bank

- Founded in 2002 with \$6 Million in Assets
- \$1.2 Billion in Assets in 2017
- 7 Full-service branches around Greater Boston
- \$900 Million in deposits (29% annual growth over past 5 years)
- \$2.6 Billion in mortgage originations in 2016
- 5th Largest lender in Massachusetts

December 31, 2016

- ROA - 1.46%
- ROE - 14.44%



Product Innovation History at Leader Bank

2013

- I. **Introduced Zeugma Reward Program**
 - 2,000 new customers and \$70 Million in deposits
- II. **Created Community Bank Jumbo Program**
 - \$800 Million in jumbo loans sold to 30 partner banks

2014

- I. **Launched Business Cash Back Program**
 - 170 new customers and \$5 Million in deposits

2015 - 2016

- I. **Automated Loan Notification System**
- II. **ZRent: Electronic Rent Payment Technology for Landlords**
 - Processed \$24 Million of rent payments in 2016
 - Currently has ~4,000 users
 - Brought on ~350 new deposit accounts

2018

- I. **ZDeposit: Platform to Digitally Open Security Deposit Accounts**



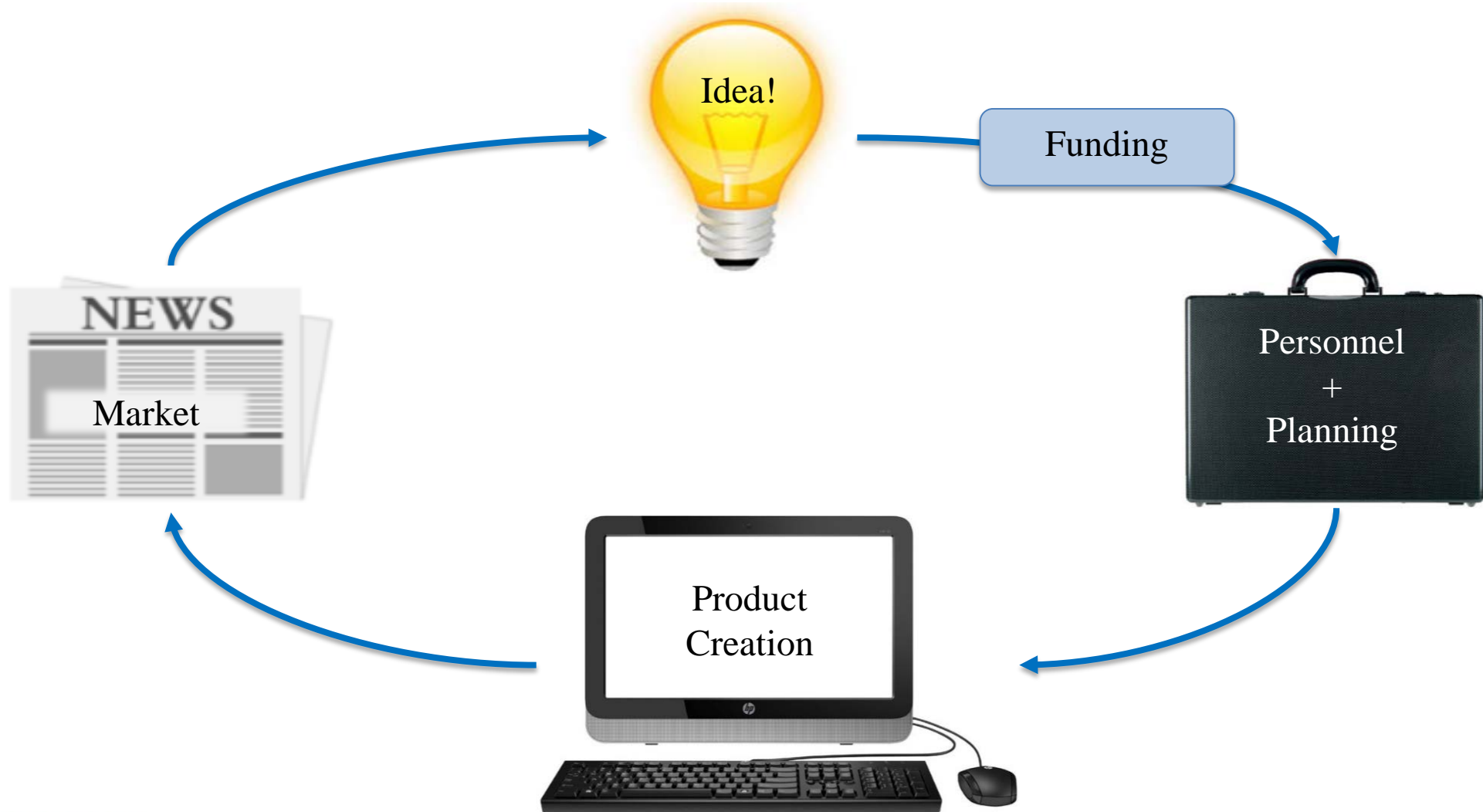
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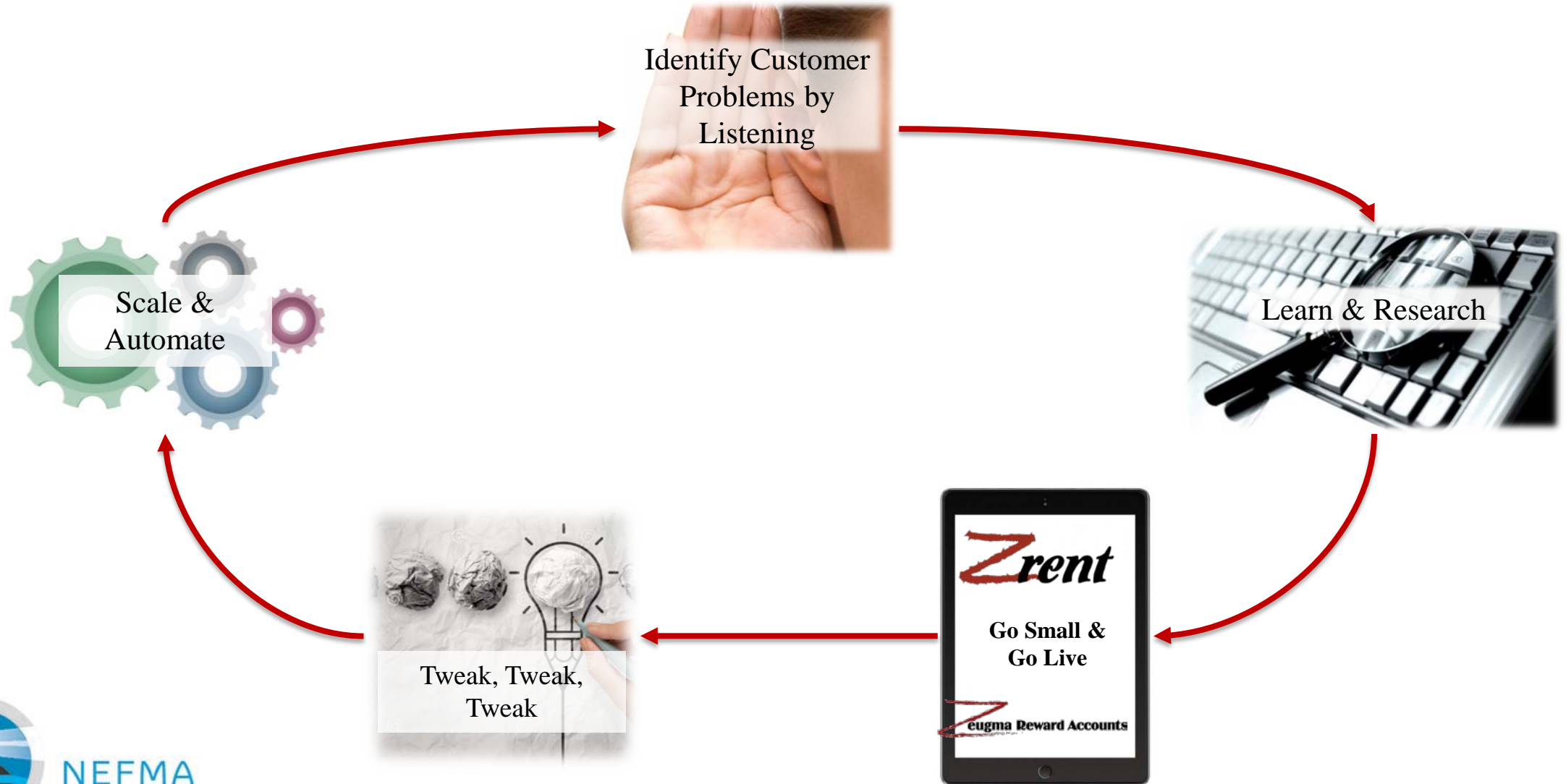
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Traditional Innovation Cycle



Suggested Innovation Cycle for Community Banks



Identify Customer Problems by Listening

- Develop ideas based off customer feedback
- Meet the unique needs & challenges within *your* community
- This process determines the strength of the idea and which ones are worth pursuing



Learning & Research

- Very important part of the Innovation Cycle
- Gather feedback from all possible sources
- Learn through observation
- On-going continuous process



Go Small & Go Live

Common Innovation Hurdles

- Too many people involved
- Compliance / regulation
- Worrying about the “how”
- Cannibalization of existing services
- Budget



“A new idea is delicate, and like a seed, needs to be nurtured initially or else it will wither and die”



Go Small & Go Live (continued)

Overcoming Obstacles

- Keep the initial group small / avoid “naysayers”
- Embrace restraints
- Utilize existing resources → concept of “stretch”
- Do tasks manually → accept imperfection
- Track results → Digital Branch



“How can I eliminate additional cost by utilizing resources that are already available to me?”

Tweak, Tweak, Tweak

- Small improvements made to the product due to immediate feedback
- Intended to be inexpensive and cost effective improvements
- Quick turnaround time / fast implementation



Scale & Automate

- Idea implemented & feedback obtained to enhance marketing efforts
- Product has been proven *and* there is a market for it
- Appropriate time to ask for additional resources or funding
- ROI can be measured



Conclusion & Key Takeaways

There is No Shortage of Good Ideas

- Pick simple problems that you can fix by listening and observing

Cost Efficiency is Key

- Utilize existing resources, keep the “naysayers” away
- Go small and go live quickly to prove the model

Establish Credibility to Build Success

- Develop your team
- Accumulate multiple “small wins”

Ask for Resources at the Right Time

Your Size Isn't a Deterrent – Big Banks Aren't the Only Ones Who Can Innovate!



Questions or Comments



Thank you for your time!



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