



CASE STUDY

First Florida Integrity Bank Invests in Technology for De Novo Launch

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Peter Setaro

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Senior Executive Vice President/Chief Information Officer
First Florida Integrity Bank

Institution:
First Florida Integrity Bank

Location:
Collier County, Florida

Website:
www.firstfloridaintegritybank.com

Assets:
\$1.2 billion

Founded:
2009

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Born out of necessity and determination, First Florida Integrity Bank (FFI Bank) officially opened its doors in 2009, at a time when a great deal of financial institutions throughout the United States were instead closing theirs.

In 2007, the soon-to-be FFI Bank executive team saw a need in Southwest Florida. It originally formed to offer an alternative to the dwindling customer service qualities offered by the big banks that, at the time, held a monopoly on the area. But the executive team couldn't foresee what would transpire later that year. The economy began spiraling into a recession, and the needs of the community shifted. Banks were no longer granting loans. Money was drying up. The financial market was collapsing. In addition to high levels of superior customer service, the community was now in need of a bank that could, at the very least, meet its financial needs.

Nearly 10 years later, FFI Bank is still committed to developing strategies that best serve its customers' current and future financial needs. Senior Executive Vice President and Chief Information Officer Peter Setaro of FFI Bank explains below how Jack Henry Banking's suite of products and services has helped the bank accomplish its goal of delivering edge-of-your-seat technology along with first-class customer support, specifically speaking to their SilverLake System[®] core platform and Jack Henry Banking's complementary solutions such as Branch Anywhere[™].

Jack Henry Banking (JHB): What were your primary reasons for starting a bank?

Peter: Those of us who formed the executive team for First Florida Integrity Bank originally came together in 2007 because we saw a need in the community. We saw a lot of the bigger banks in the area buying up the smaller community banks, and soon enough the big banks had a monopoly on the area – and with that, we saw service quality quickly decline.

However, what happened next is something none of us could have predicted. The economy started turning, and turning fast. Banks were turning people away at the door – it was virtually impossible to get a loan anywhere in Southwest Florida. So now we had another reason to open the bank: help the community. And we felt that we could because we had raised \$38 million in capital at a time when a majority of the other banks in the area had none.

JHB: Can you walk us through your due-diligence process in starting the bank?

Peter: We started out with 17 people, and a year before we opened, we had 45 on the payroll, \$38 million in capital, and a viable financial plan to take to the OCC (Office of the Comptroller of the Currency). The plan, which was put together with the help of our CEO, president, CFO, and trusted attorney, laid out our vision for the bank – we had to show how we were going to benefit the community and outline our strategic roadmap for the future.

Our plan was approved by the OCC, we had our finances in line, and it seemed like everything was going smoothly. Everyone on our payroll left their other jobs to come to work full time at FFI Bank. And then the economy took its sweeping turn. The FDIC refused to grant deposit insurance. After several rounds of recalling applications, reapplying, and re-raising money from investors, here we were in 2008 with initially 17 people, and a year before we opened 45 people on the payroll, with over \$30 million in capital, and no home.

Nearly a year later, we wound up finding a small bank and buying their charter, and the rest, as they say, is history. Six months after opening, we reached \$120 million, and today we're at \$1.2 billion.

JHB: Technology can be a costly endeavor for a de novo bank, given that it is typically the second-largest expense after employees in the bank. How important was the technology decision for FFI Bank?

Peter: For FFI Bank, technology was paramount. Most of us were coming from a big bank environment, so we knew first-hand how difficult it can be to work in a paper environment as opposed to leveraging technology that can reduce – if not completely eliminate – human error and operational inefficiency. Or perhaps just as bad, leveraging technology that doesn't integrate well with other technology.

Given its importance, we decided to entrust our technology decisions to Jack Henry Banking. I'm not exaggerating when I say that we told Jack Henry Banking to take every single product and service they sell and put it into a contract for us. We didn't implement every solution on the first day, but we did over the course of a year and a half. By investing upfront in the technology infrastructure we wanted, we were able to leverage de novo pricing and set ourselves up for success.

JHB: We understand you've established a new branch experience. Can you talk us through that?

Peter: We made a massive commitment to technology because we wanted to be competitive. That's what started us toying around with the notion of branchless banking before branchless banking was something you heard about in the news. We decided to take one of our larger locations (11,000 square feet) and shrink its footprint by renting a 1,800 square-foot building, loading it with technology, staffing it with three people as opposed to eight, and putting in desks and greeting stations instead of tucked-away offices. In this location, we have a greeter right up front, who is also the branch manager, music piping overhead, TVs streaming the news, a technology bar, fresh cookies, cappuccino machines, image capture ATMs, and everything else a customer would need from a traditional branch – it's all the buzz of a coffee shop mixed with all the functionality of a bank. In five years, this location has grown from right around \$34 million to over \$135 million.

JHB: What is it about SilverLake System® that has really made a difference for you and your team?

Peter: SilverLake was a no-brainer. I used to run it both in-house and through JHA OutLink Processing Services®, so I knew its flexibility and scalability. Putting in SilverLake as a de novo might have initially been seen by some as overkill, but I knew that we needed to invest in a core solution that we would not outgrow. In short, SilverLake is designed for long-term growth.

JHB: How has technology changed since you started your bank?

Peter: Mobility, mobility, mobility. In the financial industry, it used to be that everything was coded for a desktop computer or laptop, and mobile devices were thought of as secondary. Now we're seeing the opposite. Customers would rather be on their mobile devices than saddled with a PC that's sitting at home – they want banking anywhere, anytime. They want bill pay and P2P payments. They want all the functionality of online banking in their mobile devices, because that's what they're used to seeing in the app world.

It's the same in branches, as well. At a traditional branch location, representatives will have a PC sitting on their desks, with cameras hooked in and scanning devices for image capture. But customers want bankers who can meet them anywhere, which is why Branch Anywhere makes so much sense. With Branch Anywhere, bankers are mobile because everything they need is included in one device – they can literally take their desk with them offsite.

JHB: What advice would you give to those who are looking to start a bank now?

Peter: Don't cheap out when you're investing in your technology infrastructure. Decide what you want and invest in it now. Don't look at technology as an afterthought.



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Jack Henry & Associates' original business line was founded in 1976 to provide banks with off-the-shelf banking software. More than three decades later, Jack Henry Banking is a leading provider of the integrated technology platforms banks need to process financial transactions, automate business processes, and manage mission-critical customer and business information.

We now serve as the primary technology partner for more than 1,300 banks ranging from community banks to multi-billion-dollar, mid-tier banks and multi-bank holding companies, including approximately 20 percent of mid-tier banks with assets ranging from \$1 billion to \$30 billion.



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