

MANTL



A Community Bank Fearlessly Embracing Transformation



A mission-driven community bank, Quontic Bank needed a successful digital transformation to support its ongoing growth. Since launching MANTL as its online account opening platform in April 2020, the bank's net conversion rate rose 150 percent.

Quontic Bank is now able to offer a more accessible application experience to all its customers, including those who are low-income or not based in the New York metro area. As a result, it has raised over \$22 million in deposits in five months and has used its new capabilities to test innovative ways to provide financial assistance to those affected by the ongoing COVID-19 crisis. As a value-driven digital bank, Quontic is committed to using technology to better serve communities in New York and around the country.

A New York CDFI Goes National

Quontic, an adaptive digital bank, was founded in 2009 as part of an acquisition of a troubled bank that had only \$20 million in deposits. During a financially tumultuous time for the U.S. economy, Quontic's new management team expanded the bank's operations and transformed its mission. The bank grew its assets to \$480 million by 2018, largely focused on residential mortgages, with \$386 million in deposits. Quontic funded its balance sheet primarily through wholesale funds, brokered deposits, and listed services.

Headquartered in Manhattan, Quontic currently has 145 employees and runs a full-service branch and home mortgage office in Astoria, Queens, where it has garnered attention for lending to the area's significant immigrant community. Its primary customers are consumers and small businesses, while 70 percent of its mortgages are for low-income households and neighborhoods.

70% of Quontic's mortgages go to low-income households and neighborhoods.

Quontic needed an online account opening platform that would offer an accessible experience and financial empowerment to a diverse set of customers.

Alongside its commitment to community, innovation is at the core of Quontic Bank's mission. Quontic was among the first community banks to invest in digital banking, recognizing the power that digital channels offered in terms of accessibility, convenience, efficiency, and geographic reach.

A key part of its digital transformation strategy involved implementing an online account opening platform that would offer an accessible experience and financial empowerment to a diverse set of customers. From Quontic's perspective, online account opening would be crucial to securing low-cost funding to support its asset growth targets, lowering its efficiency ratio, and continuing to grow its customer base within New York City and beyond.



“Being a digital bank means serving our customers, but doing it in a way that protects our bank in a secure and sound way.”

Patrick Sells

Chief Innovation Officer at Quontic Bank

Regulatory Scrutiny Inspires Digital Transformation

In mid-2018, Quontic Bank reached a fork in the road. Its balance sheet was 70 percent liabilities, with \$40 million in customer deposits. Under an agreement with the Office of the Comptroller of the Currency (OCC), Quontic faced pressure to increase core deposits. The bank had three viable options for reconfiguring its financial situation – build additional branches, sell the bank, or strive to become a digital bank.

For Quontic, whose core values include positivity and adaptability, this challenge was also an opportunity. With the hiring of a Chief Innovation Officer, a role filled by Patrick Sells, the bank set out on a journey to transform into an innovative, digital-first institution.

Quontic Bank's goal was to become a cutting-edge digital bank that could offer all customers a streamlined account opening experience, with an application that would take only minutes to complete. In particular, a best-in-class mobile experience was critical to serving low-income customers who might have access to a phone but not a computer, younger customers who are accustomed to doing everything on a smartphone, and busy entrepreneurs who are always on-the-go. The bank set a goal of raising \$200 million in online deposits over the next two years.

Quontic uses FIS' HORIZON core banking system, and launched an account opening platform that was part of the FIS product suite as "phase one" of its digital transformation. The goal was to turn on the functionality as quickly as possible and learn what the bank really needed in a platform.

Out of the gate, the FIS product had only a 20 percent conversion rate and Quontic had to increase spending dramatically on online marketing just to hit deposit targets. At the same time, a high number of new accounts were fraudulent and most applications required significant manual intervention. Quontic was able to use the FIS technology only for CDs and money market accounts, as the process to open a checking account was too complicated. What's more, the bank had to offer a market-leading high interest rate in order to entice customers.

After eight months with FIS' account opening solution, Quontic Bank decided to make targeted modifications. It integrated Jumio, an AI-based technology that automates identity verification and KYC. This product brought conversions up to about 45 percent, but did not sufficiently reduce fraud levels. It was time for Quontic to find a new solution altogether.

Quontic's goal was to become a cutting-edge digital bank offering an account opening experience that takes only minutes to complete.

Ambitious Goals Require Next-Level Solutions

As a fast-growing bank aiming to innovate, Quontic needed more than a vendor. It needed a real partner — and it found that with MANTL.

Quontic's leaders looked at six different vendors before they chose MANTL, and many internal stakeholders, including BSA, compliance, operations, marketing, branch managers, and IT, all had a chance to evaluate each solution and weigh in. Every department had specific concerns about choosing the right partner.

Some stakeholders were hesitant about the idea of digital account opening. However, MANTL's best-in-class fraud prevention tools combined with data-backed best practices convinced Quontic's compliance team that not only was this an alternative solution, but possibly a superior one. This included, for example, deep discussions into the non-documentary based method of verification — a practice that, like many banks, Quontic was unaccustomed to.

In addition, a new account opening platform would need to integrate with the FIS core. Many vendors wanted Quontic Bank to perform that integration internally. MANTL, however, took the lead on integrating its product with the bank's core, to make sure it happened on time and in the right way.

For Quontic, choosing MANTL came down to following its core tenets. One of those is "Say Cheese," which means the bank's culture is about making employees and customers smile. Implementing a new piece of technology, especially a core integration, is bound to cause some amount of tension and frustration. Yet MANTL proved to be a partner that would stay positive and support Quontic throughout the process.

Another company value is "Try It On," which means new ideas shouldn't get trapped in boardroom discussions. For Quontic Bank, it's better to make the change and see how it works than to get stuck in bureaucracy. Having evaluated it as the best solution on the market, Quontic made the decision to "try on" MANTL as an online account opening partner in just thirty days.

MANTL took the lead on integrating their product with the bank's core, to make sure it happened on time, in the right way.

"MANTL is the marquee partnership we had in our evolution of becoming a digital bank. You can trust the hundreds of thousands of data points that MANTL has from across its portfolio of banks."

Patrick Sells

A Game-Changing Solution for Growing Deposits

Quontic Bank went live with MANTL on April 14, 2020. After its implementation, it was quickly clear that the MANTL experience went above and beyond expectations.

Launching MANTL meant Quontic could level-up its digital-first approach. MANTL enabled the bank to expand its online account opening to include checking accounts, which now comprise 83 percent of new accounts. The product has streamlined internal operations, and Quontic can now process hundreds of millions in online deposits each year, with a staff of two or three people. The platform requires very little manual intervention, with an automatic decisioning rate of 97 percent.

Quontic Bank's target customers are likely to have challenges in their lives that might prevent them from finishing overly complex applications. MANTL's non-documentation method has proven to be a draw. The software's interface and application requirements are designed to reduce friction for a range of under-served customers, including gig-economy workers and immigrants. In the first five months, 58 percent of applicants made it through to submission and initial deposits averaged to more than \$45,000 for checking accounts.

MANTL has transformed the customer experience to the extent that Quontic Bank has been able to significantly reduce its marketing costs. COVID-19 only accelerated a trend toward mobile banking that was already present in the U.S., and with MANTL in place, customers are actively seeking out Quontic – rather than the other way around.

With MANTL, Quontic's balance sheet is realigned and 99 percent of its liabilities are online deposits. The bank has been able to raise more than \$5 million of deposits per month. Quontic has also lowered its interest rate, as its streamlined account opening experience is enough to draw new customers.

83% of online account openings are checking relationships.



"So many banks have such an awful experience that customers will find you if yours is good. You'll find that you get good reviews and people talk about you. You won't need a marketing team – just build the product and people will come."

Steve Schnall
Founder & CEO at Quontic Bank

Securing a More Adaptive and Creative Future

Choosing MANTL was just the beginning of Quontic Bank's mission-driven transformation. MANTL also helped the bank realize cost savings and efficiency at its physical branch. Quontic's branch now directs customers to kiosks that have the MANTL platform on iPads. The bank views the digital account opening process as safer than the typical in-person process, because it draws from over 30 sources of data for real-time verification, instead of just a few forms of physical identification. The team also began to see this as a more inclusive approach to customer onboarding as removing the barrier of a physical ID makes the process more feasible for low-income households that may not possess government issued identification.

MANTL has been a critical part of Quontic's customer-focused strategy during the COVID-19 crisis, and not just because it has allowed remote account opening. With families suffering, Quontic decided to find a way to offer financial relief to those who need it, by creating the #BetheDrawbridge fund automatically linked to a new Drawbridge Savings Account product. The bank matches these accounts' interest rates with a donation to a fund for affected small business owners. Quontic was able to work with MANTL to bring

this mission-driven project into reality in only three days with both teams passionately working over a weekend to bring it to life.

Looking toward the future, Quontic isn't done innovating. For instance, it plans to leverage the MANTL infrastructure to create checking accounts that uniquely reward customer deposits in ways that customers actually care about — ways that are new to the U.S. banking industry. With the technology and partnerships it has in place, Quontic is looking forward to a more adaptive and creative future.

Quontic was able to work with MANTL to bring the mission-driven #BetheDrawbridge project into reality in only three days.

"We're starting to realize a lot from the people we've invested in and the technology we've built. The next year should be prolific as the pieces come together and we can bring our vision for Quontic to life."

Steve Schnall

MANTL is a banking technology firm offering the leading account opening software. Our platform empowers regional and community banks and credit unions to grow up to 78% faster. These institutions play a critical role in our economy and we're passionate about preserving that. Launched in 2017, MANTL's customers have raised more than \$1 billion in core deposits to date. MANTL is a privately held company headquartered in New York with the backing of prominent venture capital investors.

Learn why MANTL is the top choice for modern online account opening among community banks and credit unions.

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