Why Finn Died?
by Charles Wendel

Chase's Finn digital banking application, launched with some fanfare about one year ago will soon end operations with customers being transferred to other Chase accounts. Based upon press accounts, commentators' insights, and conversations with some bankers, a better title than the one above might be "How could Chase have thought Finn would survive?" Ending Finn seems to have been the right decision for Chase.

When Finn began, Chase stated that is was designed by "working closely with millennials…to understand their unique money challenges and what influences their spending." The CEO of Digital Chase also wrote, "When it comes to money, millennials told us they don't want to feel like they're being judged. So, we designed Finn to put them in charge, no matter where or how they're spending."

I have no idea what is meant by "not wanting to be judged." It reads like a meaningless marketing phrase that someone thought was clever…too clever.
In dropping Finn a Chase spokesman said, "We've also learned that our millennial customers don't need a separate branch or experience." So, now they don't care about being judged?

Basically, despite some hype and marketing gloss, Finn failed to differentiate itself from other Chase products and looked inadequate versus competitive offers from banks and startups. Finn offered checking and savings accounts, automatic saving tools, charts tracking spending and allowed branch access. One estimate is that Finn only captured about 50,000 customers.

Ron Shevlin writes in *Forbes* that Finn suffered from both a lack of demand for a digital bank and targeting the wrong audience. Perhaps even worse, he stated that the offer was not very compelling and differed little from Chase's standard offer. Of note is that the article cites an S&P report detailing that the four biggest banks offer about 13 advanced digital features while banks from $10-50B average only five, suggesting the biggest banks have developed capabilities that others may struggle to match. To us it indicates that, ultimately, Chase will figure it out and a need exists for most banks to team with third-party providers.

The *Financial Bran*d features an article that presents the theory that Chase's plans to build 400 new branches and hire 3,000 employees in new markets made a digital effort unsustainable: "With such a massive commitment financially and strategically to physical branch delivery, was it viable to also make a commitment to a lower-cost digital organization?"

My favorite comment was from Chris Skinner who has focused in the digital space longer than anyone else. The *Financial Brand* article quotes some provocative issues that Skinner raises when traditional bankers are faced with a separate digital initiative like Finn: "What is the commitment to the new bank's success? Does it have the full support of the old bank's executive team, in terms of budget, capital, resources and talent pool? What happens if the new bank eats into the products and services of the old banks' lines of business? Will the SVPs be happy to see their bonus (or their existing career) destroyed by the newbie upstart?"

You can easily answer these questions that focus on the internal conflicts often existing in banks. The same article features one last quote from Skinner: "Too often, a new shiny digital bank will be killed by the old boring bank because of internal politics. Unless you align the objectives of the old bank people with the new bank targets, the new bank will always fail." That comment may seem obvious, but its obviousness does not undercut its importance.

I do not know what happened with Finn. Finding out the "truth" probably resembles the plot of the famous Kurosawa movie *Rashoman* in which the story of a crime is told from multiple perspectives, the victim, the criminal, police, etc. By the end of the film, "truth" seems elusive. But, FIC has worked with many banks, and Skinner's concern over internal politics rings true to me.

Oftentimes, senior management takes no action that undercuts a digital effort; in fact, they say the right things. But, achieving the type of cultural and organizational change required to make a digital effort succeed within a traditional bank, requires something more.

The one bank I know that has been "becoming digital" is doing so with the explicit leadership and direction of the CEO. That banker inserts himself in the processes in a positive way, asking tough questions and pushing on deadlines. Some CEOs are intimidated by the digital revolution, hoping they can push off dealing with major issues until they retire and pass the problem onto someone else. Others get pulled in multiple directions by conflicting internal forces, resulting in reduced resources available for the digital effort. Never mind considering a separate digital entity, simply digitally-related decisions often need to overcome internal silos and turn protectors.

One CEO I worked with had a sign over the whiteboard in his conference room: "This too shall pass." Dealing with digital will not pass. Management has to take action to avoid a "Finn" at its bank. At Chase Finn is a small negative within a larger positive story. That would not be the case at most banks.