How Community Banks Can Tackle Digital Transformation

David Wexler, CEO, PortX

May 15, 2025

Meet David & PortX

David Wexler,
CEO, PortX

Seattle area fintech

Who We Are: PORTX

Our Company

- Seattle Fintech Startup
- 190+ Connected FIs
- 80+ Employees
- $26.5M Series A/B funded
- BankTech Ventures Portfolio Company
- Curql Collective Portfolio Company

Our Customers

- Banks
- Credit Unions
- Fintechs

Our Experience

jack henry
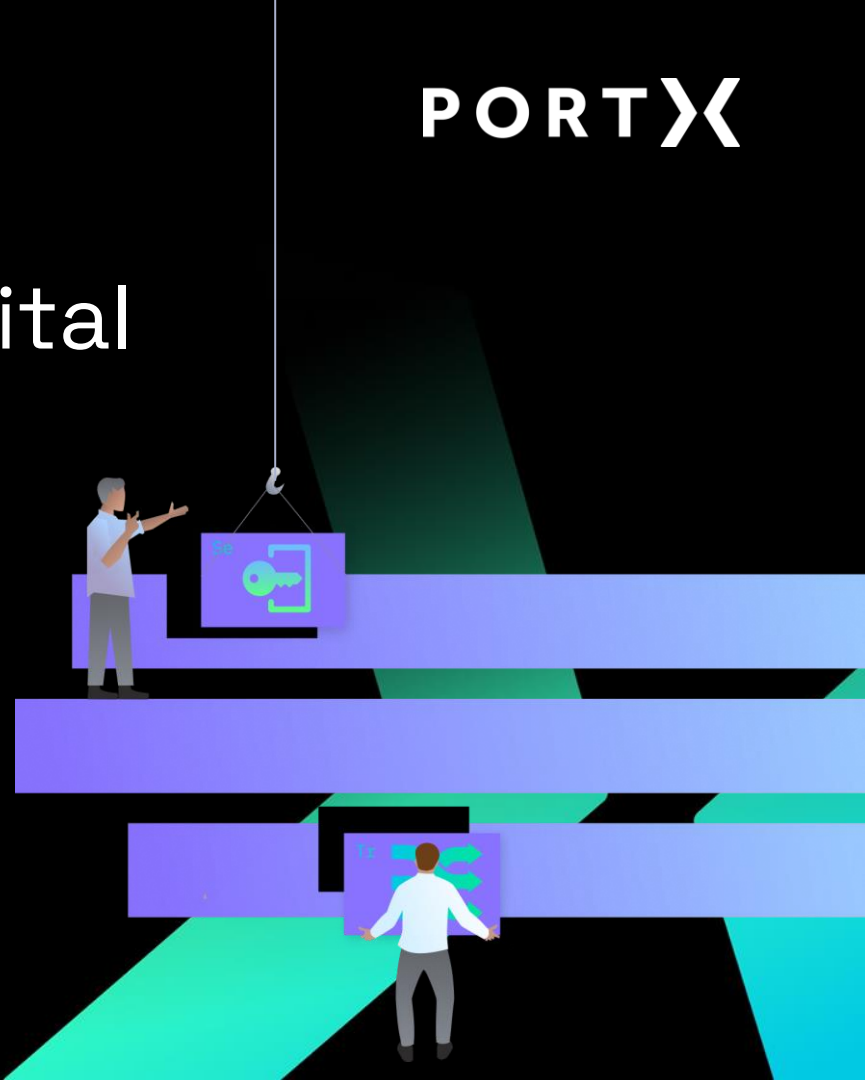
TEMENOS

Microsoft

MuleSoft

salesforce

ORACLE

NYDIG

Collibra

MERRILL
A BANK OF AMERICA COMPANY

The Role of APIs in Digital Transformation

Banking is changing at lightning speed...

- New Regulation requiring tech transparency and access
- Pressure from challenger fintech banks
- Customers demanding experience improvements
- Need to find new non-interest revenue
- Real Time Payments

FIs need a strategy to be adaptable

Banking Core Integration

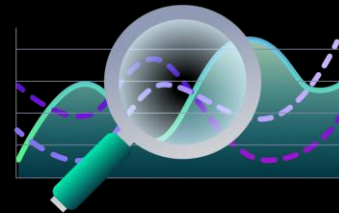*"I need cheap, easy, and rapid access to my own data."*

Rapid Delivery and Innovation

"We need to deliver multiple projects, faster."
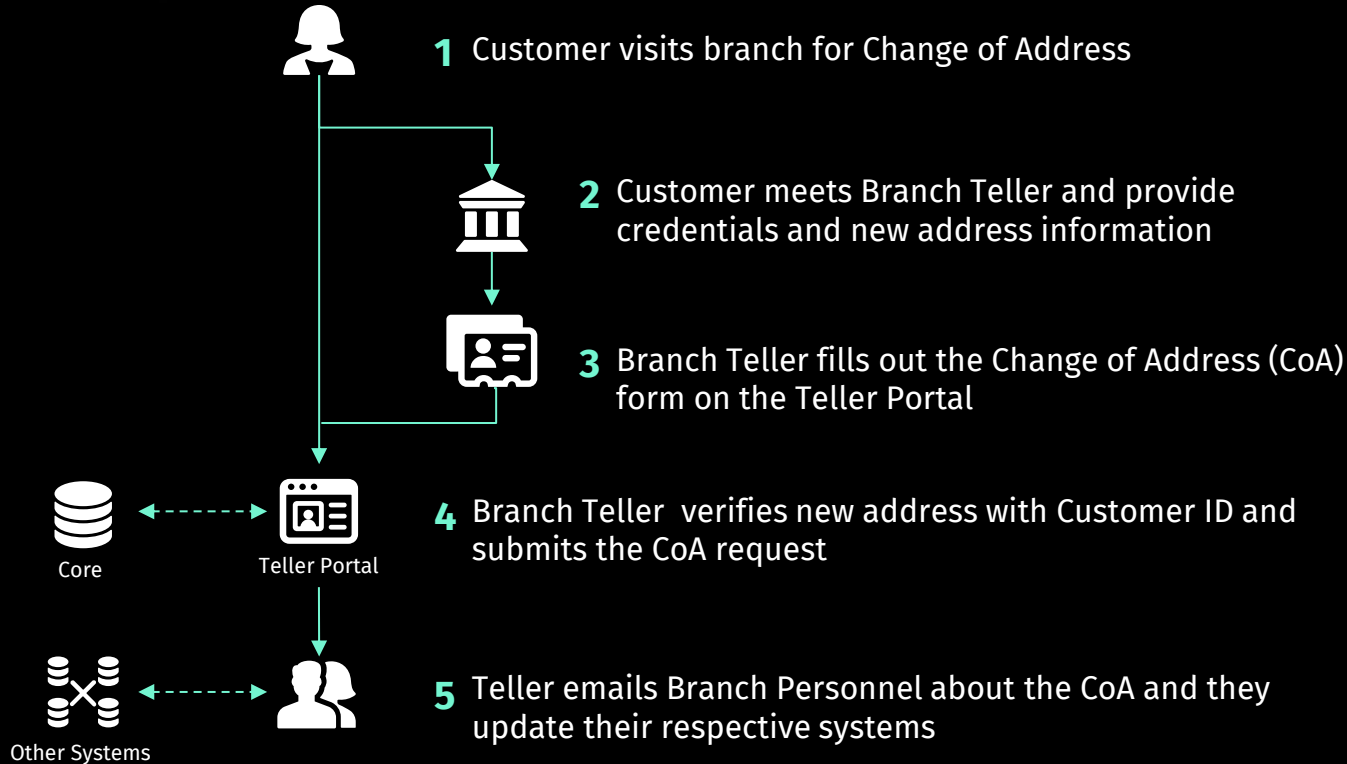
Optimal Customer Experience

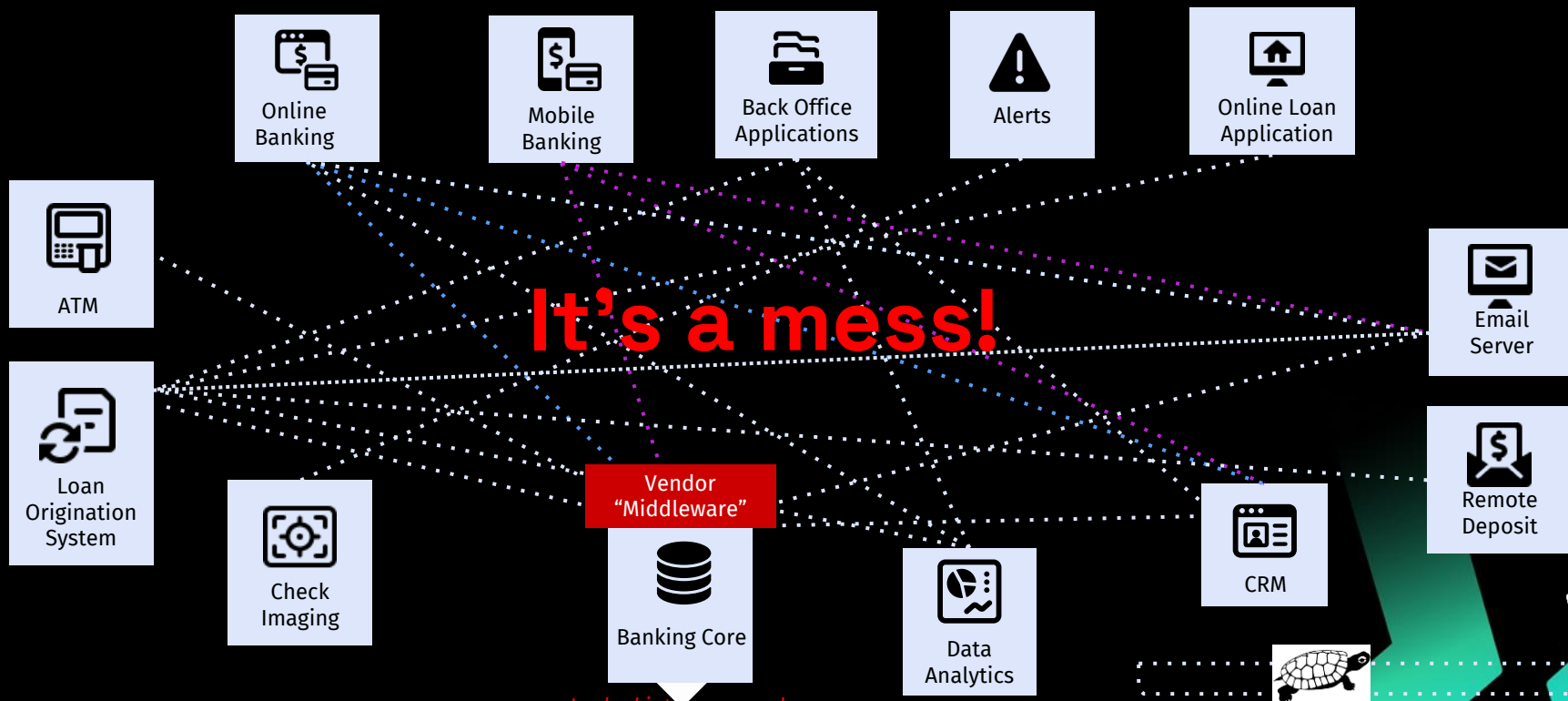*"Our customers should transact easily online with real-time results."*

Single View of Customer Data

"We need to use our data to create new products."

Manual processes and disconnected systems block progress

1 Customer visits branch for Change of Address

2 Customer meets Branch Teller and provide credentials and new address information

3 Branch Teller fills out the Change of Address (CoA) form on the Teller Portal

Core

Teller Portal

4 Branch Teller verifies new address with Customer ID and submits the CoA request

Other Systems

5 Teller emails Branch Personnel about the CoA and they update their respective systems

Point-to-point integrations add complexity

ATM

Loan Origination System

Check Imaging

Online Banking

Mobile Banking

Back Office Applications

Alerts

Online Loan Application

Email Server

Remote Deposit

Vendor "Middleware"

Banking Core

Locked into core vendor

Data Analytics

CRM

It's a mess!

No reuse, lots of maintenance, Long project cycles

APIs are changing the game for FIs

API
Application Programming Interface

Code that connects to a system and exchanges data

People connect to systems
using a login screen
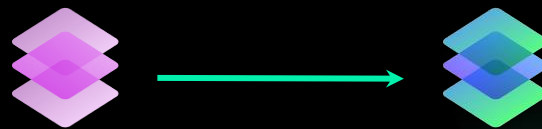
Systems connect to systems
using an API

APIs aren't equal: What defines a modern API?

- Broadly understood technologies (REST/SOAP, HTTP/S)

- Easy to design, build, test, and manage

- Well documented

- Enabled for discovery and self-service

- Contain real-world examples

- As modular as possible

- IMPORTANT: Sustained by best practices and an operating model for reuse

APIs are integral to ALL use cases

Loan/ Mortgage Operations

LOS
Implementation

Deposit Operations

Digital Banking
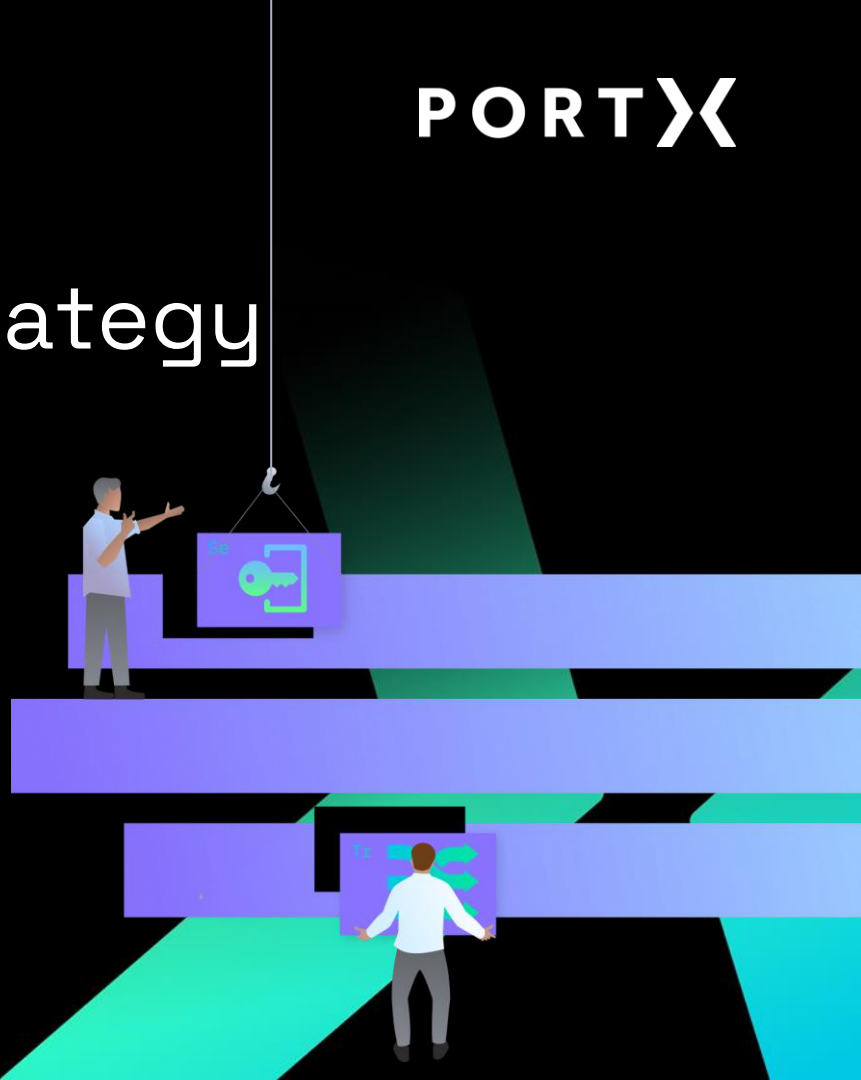Implementation

Contact Center
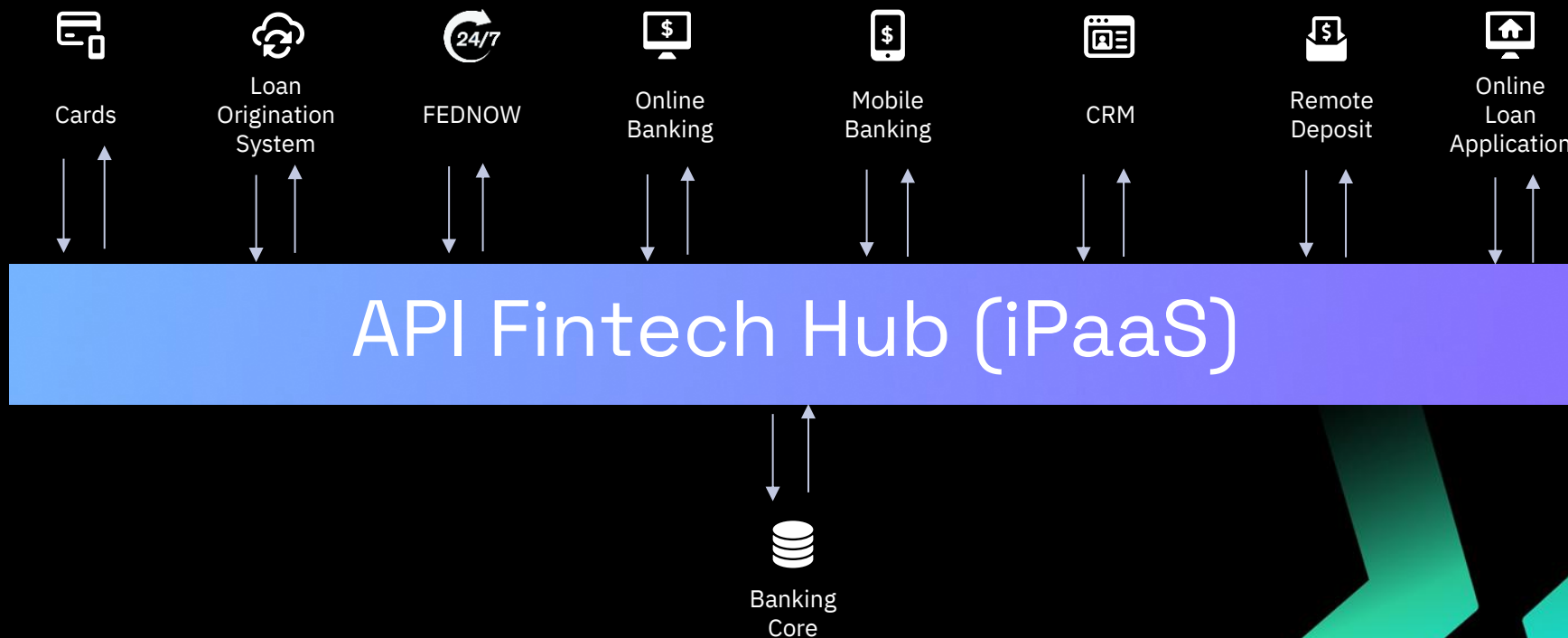
Change
of Address

Branch

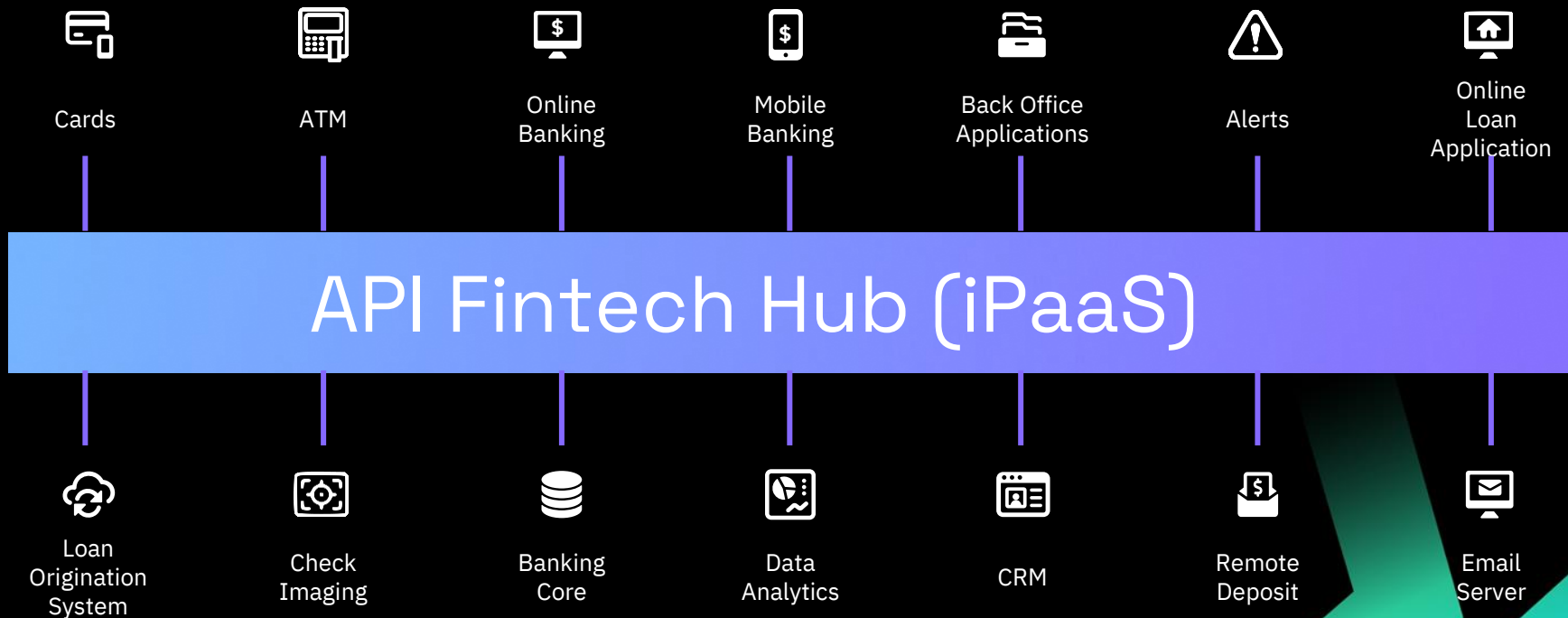New Account
Opening

Back Office

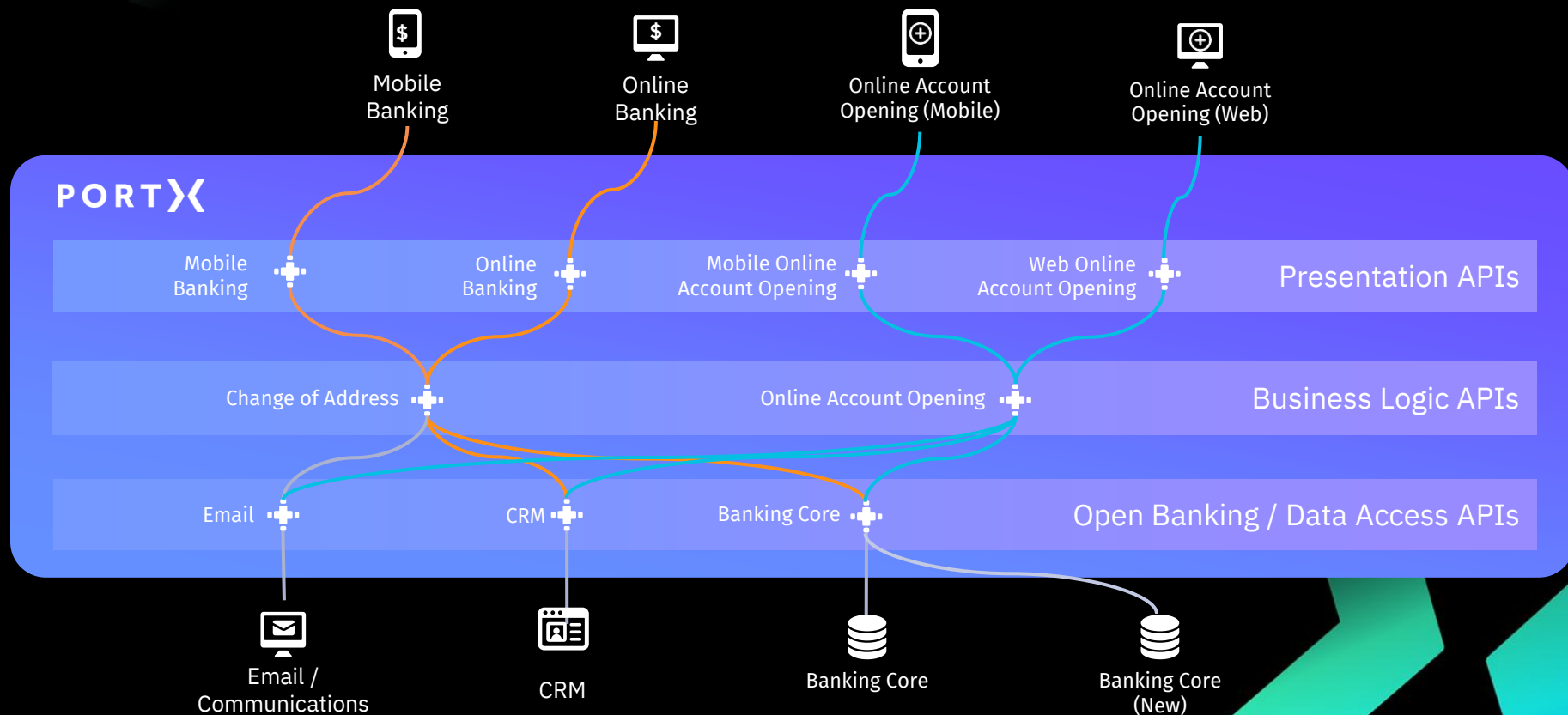Wire/ACH
Origination

API Innovation as a Strategy

IPaaS: Eliminate point-to-point challenges

Cards

Loan Origination System

FEDNOW

Online Banking

Mobile Banking

CRM

Remote Deposit

Online Loan Application

API Fintech Hub (iPaaS)

Banking Core

IPaaS: API-first Supports Microservices

Cards

ATM

Online Banking

Mobile Banking

Back Office Applications

Alerts

Online Loan Application

API Fintech Hub (iPaaS)

Loan Origination System

Check Imaging

Banking Core

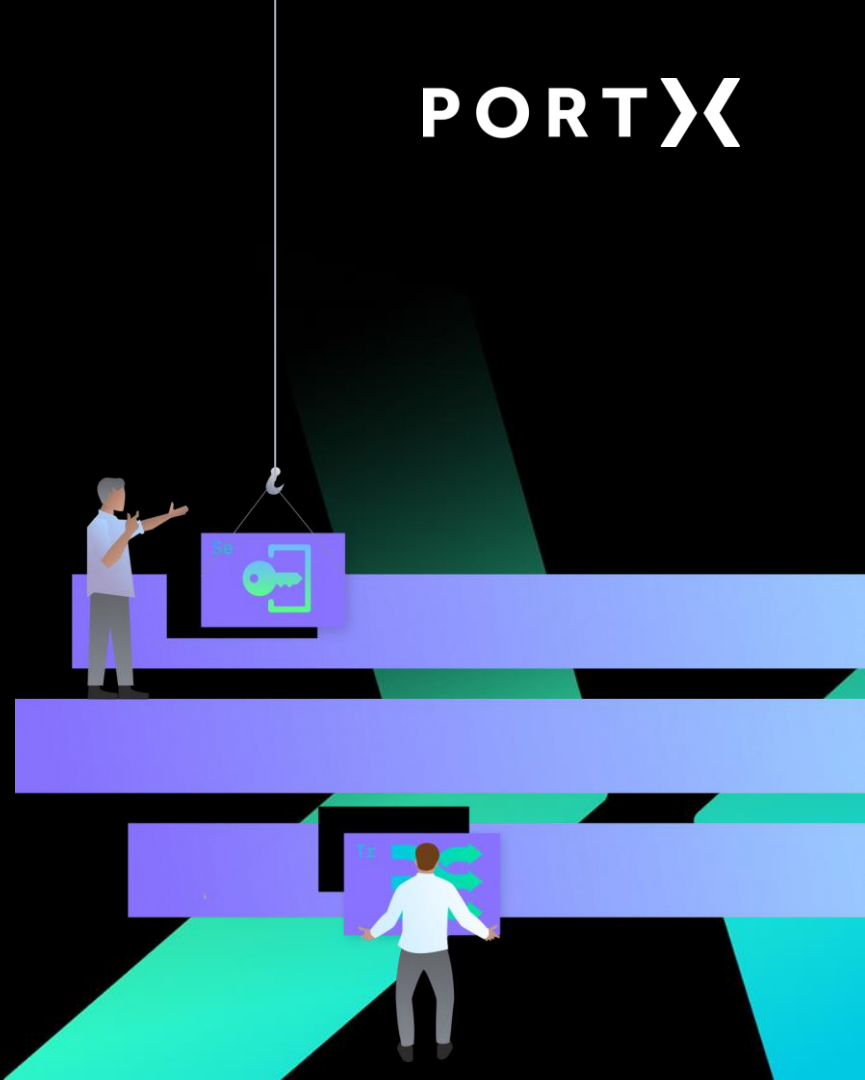Data Analytics

CRM

Remote Deposit

Email Server

The right API approach delivers two key results: Reusability & Legacy Modernization

The True Cost of API Modernization

And Why Innovative Banks Pay It

Modernization Presents a "Tension"

Legacy Systems

vs.

Digital Demands

The Cost of Going in Blind

Integrating without a plan

can be costly.

Three Investments Innovators Make

1. API-first re-licensing

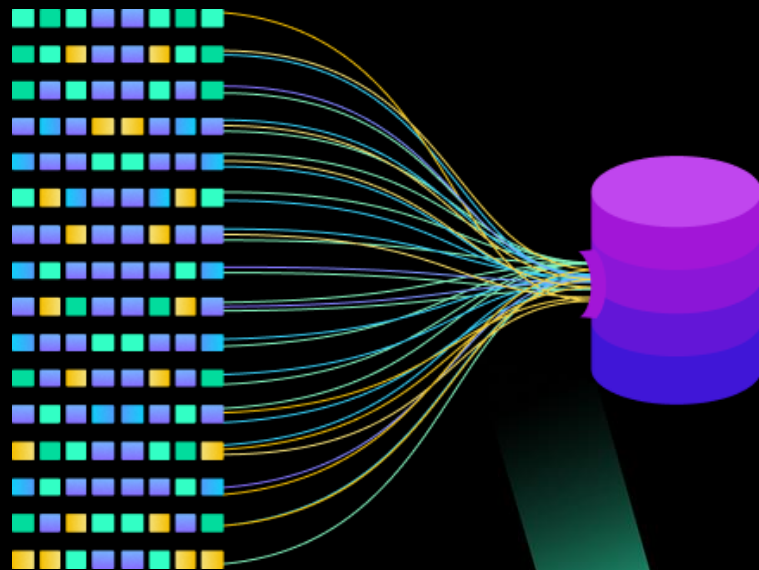2. Integration expertise

3. Modern tooling

Investment #1: API-First Re-Licensing

Unlocks Access.

Enables Agility.

Foundation for Modernization.

Investment #2: Integration Expertise

Build the Team That

Builds the Future

Investment #3: Modern Tooling

Power Innovation with the Right Tools

Why Now?

"The world is changing very fast. Big will not beat small anymore. It will be the fast beating the slow."
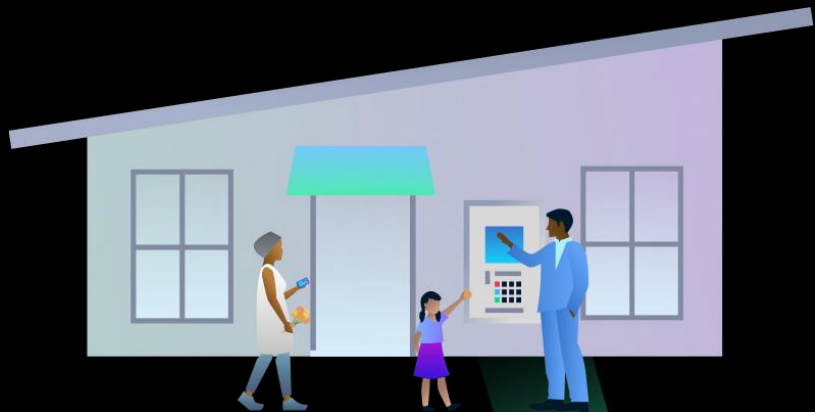
- Rupert Murdoch

Differentiator #1: Get Fast (and Smart)

- Best-of-suite = simple but restrictive

- Best-of-breed = flexible, resilient, future-ready

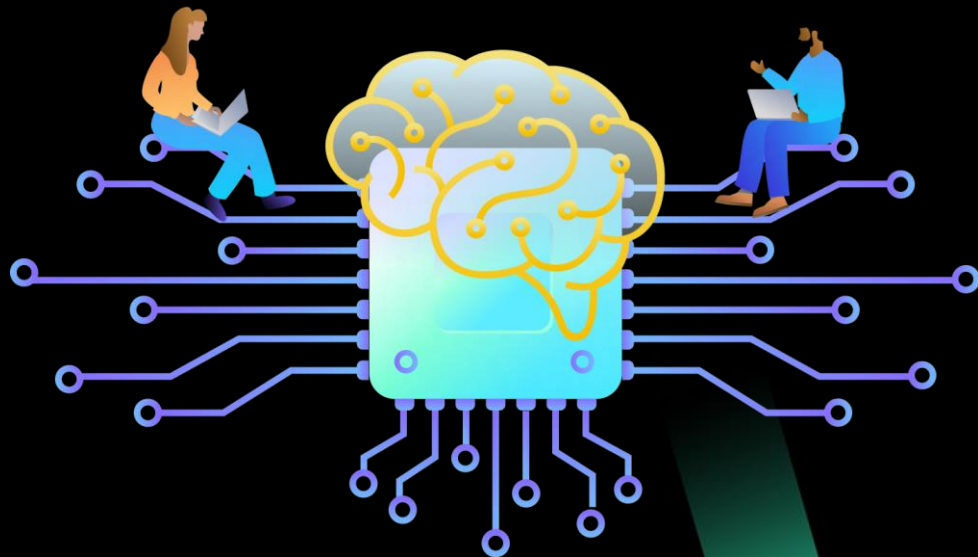# Differentiator #2: Deliver Customization

Personalized Experiences

Require Integration Flexibility

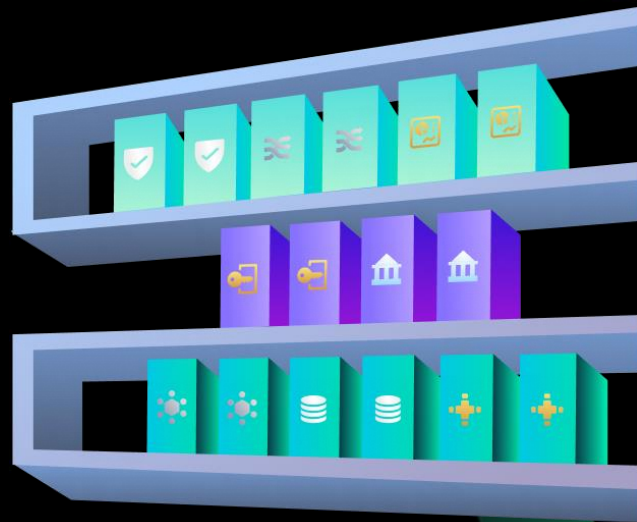# Differentiator #3: Harness Data & AI

Data is Gold.

AI is the Refinery.

Differentiator #4: Flip the Vendor Script

Gain Leverage in Vendor

Negotiations

Differentiator #5: Build a Better Culture

Spark Cultural Transformation.

Accelerate Innovation.

Questions?

David Wexler, CEO
david.wexler@portx.io

Whitney Banker, AE
whitney.banker@portx.io

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