

Testimony of Joel Wheelis, Senior Vice President, FIS
Before the House Committee on Financial Services, Subcommittee on Digital Assets, Financial
Technology, and Inclusion

“Connecting Communities: Building Innovation Ecosystems Across America”

December 8, 2023

Chairman Hill, Ranking Member Lynch, and Members of the Subcommittee:

My name is Joel Wheelis, and it is my privilege as Senior Vice President of Products and Services for Banking at FIS to submit this written statement on the importance of building financial innovation ecosystems throughout the United States. We are grateful for your time and appreciate the opportunity to discuss this important topic with you.

Introduction and Background

Based in Jacksonville, FL, FIS is one of the world’s largest and oldest financial technology companies, facilitating commerce across the financial system. We enable 95% of the world’s largest banks, move over \$10 trillion of payments annually over 1.3 billion payment cards, and process 1.5 times the U.S.’ GDP on our asset management technology. With over 55,000 employees globally and 70,000 customers, FIS is advancing the way the world pays, banks, and invests by applying our innovation, deep expertise, and data-driven insights. So, whenever a consumer purchases a coffee, checks their bank balance, or invests in their 401(K), they are likely running on FIS software.

By providing a range of services to participants across the financial services value chain, we have a unique position in the market and interest in fostering a vibrant startup ecosystem. FIS prides itself its Fintech Accelerator program which identifies and advances startup fintech firms with high potential.

Partnerships are Essential to Fostering Innovation Ecosystems

The financial technology industry, once nascent and loosely defined, is rapidly evolving into an essential element within the world’s financial markets. In a matter of years, it has grown from a collection of novel software solutions and consumer-facing applications into countless innovations that enhance financial inclusion, encourage digital transformation, and streamline financial tasks. This evolution is paving the way for financial institutions, investment firms, payment providers, insurance companies, and even governments, to offer more accessible and inclusive financial products and services to consumers.

The growth of the financial technology sector — like any industry — depends on supporting an ecosystem that connects capital, talent, infrastructure, and a conducive regulatory environment. While FIS has market-leading capabilities across a variety of business lines, it cannot build everything on its own. Along with local partners, like the Venture Center and Arkansas government, FIS supported the development of a world-class innovation ecosystem in Little Rock. In pursuit of this vision, FIS identified high potential fintech startups and growth stage companies to support their development of impactful solutions.

The public-private partnership in Little Rock demonstrates how large corporations, financial institutions, startups, and regulatory bodies can cooperate to build a successful local ecosystem. The results have been more than impressive, leading to benefits for FIS, FIS’ clients, startups, and the economies of Little Rock and wider Arkansas. Over the past eight years, FIS Accelerator alumni have raised more than \$1.5 billion

in capital.¹ It is our hope that other state and local governments and convener organizations, such as local incubators, can replicate this partnership model to generate new economic growth, jobs, competitive advantage, and attract talent transplants from around the world.

Accelerators and Incubators are Important Assets for Developing Innovation Ecosystems

In today's competitive entrepreneurial environment, technology and fintech startups face many challenges, from finding product and market fit, to gaining new customers, to developing the right platform and product features. On top of this, startups in financial services must also navigate complex regulatory environments. While it is often difficult to find solutions to these myriad problems in one place, accelerators and incubators are often the ideal starting point for up-and-coming CEOs looking to tackle challenges and scale strategically.

Traditionally, accelerators provide companies with access to resources, connect founders to mentors and investors, create networking opportunities, and supply infrastructure and education for product development. Corporations that run accelerator programs and partner with early-stage companies to solve market inefficiencies, fuel their own innovation by discovering new concepts and adopting novel technologies.

FIS has supported emerging financial technology companies through its Fintech Accelerator program since its inception in 2016. The program is designed to find and accelerate the work of best-in-class startups that bring innovative solutions to the market to boost economies and improve lives. Additionally, the Accelerator seeks to provide FIS financial institution clients, particularly community banks, with access to new capabilities to compete in a rapidly evolving market.

Each year, ten startups are selected for a 16-week program that consists of a business development incubator phase and an accelerator phase that allows companies to share their innovative solutions with more than one hundred of FIS' financial institution clients. In 2023, the program saw the highest number of total applicants, including the highest number of international companies and women-founded companies since the program started.

The ten companies selected to take part in the program represent different areas of innovative technology that have high potential to benefit FIS' financial institution clients and the broader financial services industry. This includes technologies focused on digital identification, business-to-business payments, fraud, regulatory compliance and more. The program culminates with an in-person Demo Day where leaders from each of the participating startup fintech companies showcase their innovations to financial services leaders and influencers, potential investors, and successful entrepreneurs.

Since the FIS Fintech Accelerator began, it has graduated 80 alumni, 90% of which are still active or have been acquired.² This includes companies such as Bond AI,³ a company headquartered in Arkansas, and Trust Stamp, a company that recently completed an Initial Public Offering.⁴ Their success not only benefits the local economy, but also helps move the entire industry forward.

Innovation Ecosystems Support Local Economic Development

¹ ["Ten Growth-Stage Companies Present during FIS Fintech Accelerator Demo Day,"](#) The Venture Center, 28 November 2023.

² Ibid.

³ [Bond.AI.](#)

⁴ ["Trust Stamp Begins Trading on Nasdaq Capital Markets,"](#) Nasdaq, 31 January 2022.

Just as accelerators help scale emerging fintech companies, they also positively support the local community. Most notably, by developing the local fintech workforce through the creation of new jobs and creating a thriving network of founders, corporate leaders, government officials and more.

In addition, an accelerator can empower entrepreneurs to build tools and platforms that have direct impacts on their communities; often helping community banks compete with regional and national financial institutions. The potential applications for solutions can range from anything that includes democratized investing to more affordable lending and simplified payment processing, to more resilient banking. By virtue of fintech being an industry that profoundly touches consumers' everyday lives, the gains from these innovation partnership structures are catalysts for further societal benefits, including:

i. Accelerating Financial Inclusion

Startup fintechs are often nimble, able to identify market gaps and quickly ideate and assess potential solutions. This includes developing accessible and low-cost products for consumers that reduce the barriers to entry for taking part in the digital economy. Several of FIS' Accelerator alumni participants who have developed solutions to empower un- and underbanked consumers are seeing impressive uptake and growth. This includes companies like Plinqit (2017 Cohort), a Michigan-based fintech company serving financial institutions across the country. Plinqit helps financial institutions generate low-cost deposits, attract new customers, and expand their retail footprint while supporting consumers in achieving their financial goals.⁵ Additionally, Stratyfy (2020 Cohort) works with financial institutions to provide consumers with access to fair, transparent credit and prevent unwarranted exclusion from the financial system.⁶ Lastly, Forage (2023 Cohort) is a mission driven payments company that helps merchant accept Electronic Benefit Transfer (EBT) Supplemental Nutrition Assistance Program payments online through a single, unified application programming interface (API).⁷

Forums like the Accelerator program offer a supportive environment for companies to refine their products and determine how to best plug into the existing financial ecosystem. Facilitating connections between fintechs, corporate partners, and financial institutions is an important way to address existing financial inclusion challenges and advance solutions that address unique community needs.

ii. Empowering Community Banks

Over the past several years, FIS partnered with organizations like the Venture Center, Independent Community Bankers Association (ICBA) and Arkansas government to develop an ecosystem that generates economic activity and facilitates entrepreneurship. This partnership not only supports a more robust and competitive financial service ecosystem, but specifically benefits community banks.

Community banks have many business arrangements and in this digital age, they need to stay innovative to survive. However, they cannot do it alone and often rely on third parties to provide technology and resources to meet evolving business, consumer, and market needs. Leveraging technology-forward platforms allow these financial institutions to improve efficiencies and reduce costs that translate to lower fees, better terms, and reduced barriers to entry for the consumer. However, cost optimization is merely one facet of a host of additional benefits. Third party fintech platforms can, for example, optimize a community bank's review of customer data, which aids in identifying which products and services to offer

⁵ [Plinqit company information.](#)

⁶ [About Stratyfy.](#)

⁷ [About Forage.](#)

a consumer. Additionally, they can help speed up the process of opening an account to improve the customer experience during onboarding.

FIS established the Fintech Accelerator to bridge the gap between traditional financial institution clients and fintech startups who can provide new and interesting services to our clients. We recognized that we could not innovate and think of every solution that will make our clients' experience better. Therefore, we strategically invest in and support the growth of high potential startups to facilitate product diversification and help our clients – in particular our community banking clients – stay on the cutting edge of new technologies.

iii. Growing the Fintech Talent Pipeline

Innovation ecosystems also play a significant role in developing future talent pipelines. Finding and retaining talent is one of the greatest challenges companies are facing. FIS, like other companies, works hard to partner with local institutions to build a workforce for the future. We recognize that partnerships, not only through incubators and accelerators, but also with universities and high schools are important to our success. By working with these institutions, we can participate in training and career development programs that go well beyond the immediate skills needed for a current role.

Over the years, the state of Arkansas has taken steps towards prioritizing computer science education and was the first state to mandate coding education in schools. Programs like the "Learn to Code Initiative," which resulted in 400% more high school students enrolled in computer science courses, are exactly the type of programs that require continued support.⁸ Building a local talent pipeline is a critical part of contributing to the growth of innovation ecosystems. It offers interesting career pathways and exposes students to technology development and entrepreneurship.

Regulatory Agencies Play an Important Role in Supporting Innovation

Developing products and services that meet the evolving needs of consumers requires active participation from regulatory bodies and government officials. By engaging regulators early, companies, incubators, startups, and other entities exploring new technologies can iterate quickly and develop products to reflect regulatory requirements.

Regulators can accelerate innovation by hosting regulatory sandboxes in which participants develop and test products before going directly to market. A sandbox helps companies reduce the uncertainty of what may or may not be a feasible path forward, and helps regulators build knowledge of new technologies and assess the application of existing law and regulation.

Regulatory agencies at both the state and federal levels have hosted programs to explore certain market challenges and assess complex policy issues. For example, in 2021, the Federal Deposit Insurance Corporation (FDIC)'s Office of Innovation kicked off a series of projects aimed at encouraging partnerships with community banks specifically. By bringing together bankers, fintechs, and regulators, the program facilitated a dialogue about emerging technologies that will support the future of banking.⁹

One such program included a series of tech sprints. The tech sprints brought together a variety of stakeholders in a collaborative setting to tackle different topics in which teams presented possible solutions. FIS, alongside one of its Minority Deposit Financial Institution clients and a participant from the

⁸ [Tech Companies Finding Success in Arkansas](#), Arkansas Inc, 2023.

⁹ ["FDIC Annual Report: Management's Discussion and Analysis,"](#) FDIC, 2021.

2021 Accelerator program, partnered together to participate a FDIC-sponsored tech sprint focused on exploring how technologies can be deployed to meet the needs of unbanked customers.¹⁰ This forum allowed for a cross section of industry partners to brainstorm and put forward creative potential solutions. Continuing these types of programs at the federal or state level not only helps different entities build relationships with one another, but also encourages the development of new product ideas.

Policy Recommendations to Support Regional and Local Innovation Ecosystems

FIS encourages federal, state, and local lawmakers to consider options to reduce barriers to innovation and enact incentives that help ecosystems thrive.

First, clear legislative and regulatory frameworks must be in place to facilitate the ability of financial institutions to partner and benefit from innovative fintech solutions. This includes clarifying the compliance requirements to accommodate new technologies and encouraging reasonable risk management frameworks, reflecting the principle of same risk, same regulation. By doing so, technology service providers, financial institutions, and fintechs will be able to put forward products and solutions that foster a more stable and accessible financial system for consumers.

Second, where possible, invest and implement talent development grant programs to support the growth of strong local talent pipelines. This could be in the form of public-school computer coding programs or sponsored innovation competitions with judges selected from local companies, incubators, or startups. These investments cultivate a skilled workforce that businesses and startups can tap into for future support. When supplemented with state-backed computer skills programs in schools, like those in Arkansas, lawmakers are effectively ensuring that local and regional communities can capitalize on the enormous potential of their innovation ecosystem.

Third, incentives such as tax breaks and grant programs should be considered to encourage venture capital investments. Incentive programs such as Arkansas's job creation incentive, business and technology accelerator incentives, and equity tax credits are examples of programs that help make the environment competitive with other regions and localities across the country. In addition to investing in and developing local incubators, incentive programs make cities and regions more attractive to investors and large corporations, thereby increasing capital flow to fintech startups and entrepreneurs.

Conclusion

With the speed at which new technological advancements are occurring, we are in a new chapter of fintech innovation. One where legacy technology coexists with digital alternatives, and where providers like FIS serve as a bridge between those two worlds. New ways to integrate will continue, ushering in a collaborative ecosystem that enables financial institutions to harness the power of fintech startups and build news solutions into their business propositions.

FIS is committed to advancing the next generation of fintech leaders. We believe it is in the best interest of our clients and communities to support innovation within the fintech industry. By leveraging a variety of stakeholders that include bankers, subject matter experts, and financial services executives, FIS' Accelerator program provides some of the best advocacy and support for fintech startups and allows selected participants to leverage FIS' distribution network and global technology ecosystem.

Thank you again for the invitation to testify. I look forward to your questions.

¹⁰ [FIS 2021 Global Sustainability Report](#), 2021, pg. 20.