Key Takeaways

- The Bank Chain Alliance has formally established its organizational structure, including an interim board and interim CEO (Kim Askwith), and is now a legal entity.
- A rigorous Phase 1 RFP process was completed in July, resulting in a Letter of Intent (LOI) with one preferred technology vendor; Phase 2 due diligence has now commenced.
- The Alliance is targeting more than 60% ownership stake in the technology partner, emphasizing industry-owned governance over a typical vendor licensing model.
- Membership packages have been distributed to state banking associations (SBAs) and their member banks; inaugural members gain early influence over product roadmap, committees, and board composition.
- The target launch date (Day One operating model) is early 2027, contingent on technology due diligence outcomes.
- Interoperability with other payment networks (e.g., The Clearinghouse, large bank networks) is a key consideration being actively addressed.
- A monthly newsletter and recorded calls will be distributed to keep all stakeholders informed.

Discussed Topics

1. Meeting Opening and Context

Jackson Hataway opened the call as the first recurring monthly meeting for Bank Chain Alliance member states that have signed or are close to signing the LOI. The call was hosted through the Missouri Bankers Association but framed as a shared initiative across all participating associations. The session was recorded for distribution to those unable to attend, including Alliance Chair Kathy Craninger.

- **Details**
    - **Jackson Hataway**: Emphasized that these calls belong to all participants, not just Missouri Bankers Association, and will increasingly become orchestration calls as membership grows.

    - **Jackson Hataway**: Advised all participants not to respond to unsolicited emails or robo-mails from tech companies seeking engagement, citing potential liability.

- **Conclusion**
    - Monthly calls will continue and recordings will be made available for distribution within member organizations.
    - Unsolicited vendor outreach should be ignored and left to the Alliance's internal working groups and committees.

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2. Leadership Introductions

Peter Gwaltney introduced Kim Askwith as the Alliance's interim CEO, highlighting her background and the board's decision to bring her on. Kim Askwith then introduced herself to the group.

- **Details**
    - **Peter Gwaltney**: Noted the board recognized early the need for dedicated leadership given members' existing day-job commitments. Praised Kim Askwith's project management capabilities and deep banking experience.
    - **Kim Askwith**: Shared 22 years of financial sector experience spanning RBC, Credit Suisse, Citizens, Independent Financial, PwC, and EY (Texas market and risk leader). Described her background as split between working directly for banks and Big Four consulting, with a specialty in building risk organizations from the ground up.
    - **Peter Gwaltney**: Acknowledged Jackson Hataway for moderating the call and his communication skills.
- **Conclusion**
    - Kim Askwith is confirmed as interim CEO, having been engaged since June.
    - The Alliance has moved from concept to a formal legal entity with an interim board and interim operating model in place.

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3. RFP Process and Technology Vendor Selection (Phase 1 and Phase 2)

Corey LeBlanc provided a detailed overview of the Phase 1 RFP process completed in July and the transition into Phase 2 due diligence.

- **Details**
    - **Corey LeBlanc**: Explained that Phase 1 evaluated numerous vendors and network solutions against weighted criteria including bank ownership/governance capability, technological capability (tokenized deposits, stablecoin readiness), and equity/majority ownership potential.
    - **Corey LeBlanc**: A team of approximately 4–5 reviewers — including himself, Kim Askwith, Kathy Kraninger, Jim (a bank CEO), and one unnamed bank member — independently scored vendors before convening to compare results. One vendor clearly emerged as the top choice, resulting in an LOI.
    - **Kim Askwith**: Emphasized the rigor of the process — evaluators did not communicate with each other during vendor interviews to maintain independence. Noted that many large vendors were barely past proof of concept, with some not viable until end of 2027 or beyond.
    - **Kim Askwith**: Highlighted that governance was a key differentiator; some vendors offered only advisory subcommittee or observer roles to community bank networks, which was unacceptable.
    - **Corey LeBlanc**: Phase 2 due diligence formally kicked off this week, focusing on technology ownership (patents, IP), governance structure, and potential acquisition vs. partnership models. An independent third party will be engaged to validate the network and solutions.
    - **Richard Baier**: Stressed that the ability to have an ownership stake — not just a licensing arrangement — was a primary consideration to protect banks from vendor dependency.
    - **Kim Askwith**: Confirmed the Alliance is targeting more than 60% ownership stake in the selected technology partner.
- **Conclusion**
    - Phase 1 RFP is complete; one vendor has been selected for an LOI and Phase 2 due diligence.
    - Phase 2 will include independent third-party validation and interoperability assessment.

    - Industry ownership and governance control are non-negotiable requirements.

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4. Due Diligence Timeline

Rose Oswald Poels asked about the expected duration of the due diligence process.

- **Details**
    - **Rose Oswald Poels**: Requested a sense of how long due diligence would take.
    - **Kim Askwith**: Explained that the LOI includes a 90-day clock with an option to extend, estimating 90 to 120 days before recommendations can be presented.
- **Conclusion**
    - Due diligence is expected to conclude within 90 to 120 days from initiation.

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5. Membership Program and Bank Enrollment

Kim Askwith provided an update on the membership package, enrollment process, and infrastructure being built to support bank onboarding.

- **Details**
    - **Kim Askwith**: Member information packages were distributed the prior week. Inaugural members can convert membership into equity — a point confirmed by the board after recent discussion; the membership package will be updated to reflect this.
    - **Kim Askwith**: Banks can also engage directly through the Bank Chain Alliance website. Rich Perez (Chief Innovation Officer, Texas Bankers Association) is building a CRM system on the website backend to route inquiries to the appropriate SBA leader by state.
    - **Kim Askwith**: A monthly extract of new bank inquiries will be sent to SBA leaders by end of September. A membership section with an online form, payment capability, and invoicing is being developed. TBA's CFO is acting as fractional CFO and will manage invoice distribution.

    - **Jackson Hataway**: Shared an anecdote of a $4 billion agricultural bank in his state signing up within four minutes of receiving the membership materials, illustrating strong organic interest.
    - **Richard Baier**: Reported making six presentations the prior week; nearly all banks responded positively, with only one citing pricing concerns.
- **Conclusion**
    - Membership packages are live; inaugural members gain equity conversion rights, committee participation, and board election influence.
    - CRM and online membership infrastructure are being finalized, with a target of end of September for the monthly state-level extract.

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6. Interoperability with Non-Member Banks and Other Networks

Lorrie raised a concern about how transactions would be settled between member and non-member banks.

- **Details**
    - **Lorrie**: Asked how tokenized deposit transactions would work between Alliance member banks and banks outside the network.
    - **Corey LeBlanc**: Explained that interoperability — the ability for the Alliance network to communicate with other networks — is a key evaluation criterion in Phase 2. Acknowledged that multiple networks will coexist (e.g., large bank networks, The Clearinghouse, Zelle/Cary).
    - **Corey LeBlanc**: Noted that conversations with The Clearinghouse and other large networks have already begun. The Alliance's scale (40+ state associations) has made it a credible counterpart in those discussions.
    - **Kim Askwith**: Confirmed that tokenized deposits would initially operate within the Alliance ecosystem, with interoperability solutions to be determined as part of the technology selection process.
- **Conclusion**
    - Interoperability is a formal Phase 2 due diligence requirement.
    - Preliminary conversations with major networks, including The Clearinghouse, are already underway.

- Final interoperability architecture will depend on the selected technology partner.

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7. Value Proposition for Banks Joining Now vs. Later

Lorrie raised concerns about asking banks to commit membership dues before due diligence is complete and the technology is finalized.

- **Details**
  - **Lorrie**: Expressed difficulty in asking banks to pay dues now when key questions (interoperability, technology selection, network viability) remain unanswered.
  - **Howard**: Argued that all competing networks are in a similarly early stage — most announcements are directional rather than substantive. Framed the value proposition as securing a future ownership option in a bank-governed network, analogous to the Federal Home Loan Bank model. Noted that dues are reasonable relative to the long-term benefit.
  - **Corey LeBlanc**: Clarified that membership is not a software contract but an entry into an ownership group, giving banks a voice in product development and roadmap — something unavailable through traditional vendor contracts.
  - **Kim Askwith**: Noted that early members gain access to working groups shaping technology selection, product standards, and Day One use cases, as well as the ability to nominate and elect the expanded board.
  - **Howard**: Confirmed he sold the investment to his board on the basis of governance and optionality, not financial return projections.
- **Conclusion**
  - Banks that join later can still participate but will miss the opportunity to shape the technology selection, product roadmap, and board composition.
  - The value proposition centers on governance, ownership, and influence — not near-term financial returns.

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8. SBA Investment Materials and Equity Structure

Scott (Oregon) and Karyn (Delaware) raised questions about materials available for SBA board presentations and the nature of the SBA investment.

- **Details**
    - **Scott**: Requested a simple one-page investment pitch tailored for SBA boards, noting existing materials are voluminous and not board-ready.
    - **Kim Askwith**: Confirmed a one-pager can be created within a few days and acknowledged it would benefit all SBAs.
    - **Scott**: Asked what type of equity the SBA investment represents (e.g., common stock).
    - **Kim Askwith**: Described it as pre-seed funding; the specific equity class has not yet been finalized. Ongoing board-level and external counsel discussions are developing the capital plan.
    - **Karyn**: Asked about the deadline for SBAs to make their investment decision.
    - **Kim Askwith**: Confirmed there is no hard deadline currently, though several SBAs have already committed. A deadline may emerge if a capital raise is needed to fund a majority ownership acquisition.
    - **Jackson Hataway**: Added that SBAs will likely need to decide before a formal capital raise, at which point bank equity positions would involve materially larger dollar figures.
    - **Richard Baier**: Noted the interim board's goal is to transition governance to banker-driven leadership (similar to Federal Home Loan Bank structure), with SBA representation maintained on the board.
    - **Jackson Hataway**: Emphasized that SBA participation ensures permanent board representation, which resonated strongly with his own board.
- **Conclusion**
    - A one-page SBA investment pitch will be developed and distributed within a few days.
    - Equity class for SBA investments is still being determined as part of the capital plan.
    - No hard investment deadline exists currently, but timing may be driven by future capital raise requirements.

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9. Virtual Informational Meetings and Member Communication Tools

Bruce (via chat) and Jackson Hataway raised the need for scalable communication tools to present the Alliance to member banks.

- **Details**
    - **Jackson Hataway**: Confirmed that virtual informational meetings — potentially organized by state or region — will be developed, recorded, and distributed alongside supporting materials.
    - **Kim Askwith**: Confirmed this approach and noted that a monthly newsletter will be launched, sent after each monthly call, to keep all SBA leaders updated on Alliance activities.
- **Conclusion**
    - Recorded virtual informational sessions for member banks will be organized and made available.
    - A monthly newsletter will be distributed to SBA leaders following each monthly call.

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10. Broader Industry Landscape and Tokenized Deposit Developments

Jason Brett (ABA) provided context on the global tokenized deposit landscape and the inherent uncertainty in the space.

- **Details**
    - **Jason Brett**: Shared the example of Monument Bank (UK), which announced the first retail tokenized deposit launch (£250 million / ~$330 million) but was subsequently delayed seven months due to unresolved custodian approval issues with UK authorities.
    - **Jason Brett**: Used this as a cautionary illustration that the landscape is still evolving rapidly and obstacles can emerge unexpectedly even for announced initiatives.
    - **Corey LeBlanc**: Reframed this as an opportunity — payment rails are shifting to blockchain/distributed ledger technology, and community banks have a rare chance to shape that future rather than be subject to it.

    - **Corey LeBlanc**: Noted that even banks already publicly committed to other networks (e.g., Zelle/Cary) expressed strong interest in the Alliance when its announcement went public.
    - **Kim Askwith**: Added that community banks and SBAs are well-positioned to navigate regulatory uncertainty given their experience operating in a heavily regulated environment.
- **Conclusion**
    - The tokenized deposit and blockchain payment rail space is still maturing globally, with significant uncertainty remaining.
    - The Alliance's community bank-centric, industry-owned model is positioned as a differentiated and resilient approach.

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11. Launch Timeline and Milestones

Kevin asked about the estimated timeline for key milestones and a launch date.

- **Details**
    - **Kim Askwith**: Indicated that Day One (full operating model with a technology partner and pilot banks) is targeted for early 2027, contingent on due diligence outcomes. Internal milestone tracking exists and can be shared with SBA leaders going forward.
- **Conclusion**
    - Target launch date is early 2027.
    - Internal milestones will be shared with SBA leaders as the process progresses.

Challenges

- **Technology uncertainty**: Due diligence is still in early stages; the final technology partner has not been confirmed, and the interoperability architecture with non-member banks and competing networks remains unresolved.

- **Membership hesitancy**: Some banks are reluctant to commit dues before due diligence is complete and concrete technology details are available, making it difficult for SBAs to recruit members with confidence.
- **Equity structure undefined**: The specific class and structure of equity for both SBA investments and inaugural bank memberships has not yet been finalized, limiting the ability to present a formal investment case.
- **SBA board presentation materials**: A simple, board-ready one-page investment pitch for SBAs does not yet exist, creating a gap in the sales process for associations like Oregon and Delaware.
- **Scalability of leadership time**: Key contributors (Kim Askwith, Corey LeBlanc, and others) are managing Alliance responsibilities alongside existing full-time roles, creating capacity constraints.
- **Custodian and regulatory considerations**: As illustrated by the Monument Bank example, custodian and regulatory approval pathways for tokenized deposits remain uncertain and could affect timelines.

Action Items

- **Kim Askwith and Rich Perez**
    - Finalize and launch the CRM system on the Bank Chain Alliance website to route bank inquiries to the appropriate SBA leader by state. (Target: end of September)
    - Begin sending monthly extracts of new bank inquiries to SBA leaders. (Target: end of September)
    - Launch the online membership section of the website with a fillable form and payment capability. (No specific deadline stated)
    - Update the membership package to include the equity conversion option for inaugural members and distribute the revised version. (As soon as possible)
    - Develop and distribute a simple one-page investment pitch tailored for SBA board presentations. (Within a few days)
    - Organize and record virtual informational sessions for member banks, structured by state or region, with supporting materials. (Timeline to be determined)

    - Launch a monthly newsletter to be distributed to SBA leaders following each monthly call. (Starting after this call)
    - Share internal milestone and timeline documentation with SBA leaders. (Ongoing)
- **Kim Askwith and Corey LeBlanc**
    - Execute Phase 2 due diligence with the preferred technology vendor, including technology ownership review (patents, IP), governance structure analysis, and acquisition vs. partnership assessment. (90–120 day window)
    - Engage an independent third party to validate the technology network and solutions. (During Phase 2)
    - Advance interoperability discussions with major networks including The Clearinghouse and large bank networks as part of Phase 2. (During Phase 2)
- **Bank Chain Alliance Board**
    - Finalize the capital plan and determine the equity class and structure for SBA investments and inaugural bank memberships, in consultation with external counsel. (Timeline to be determined)
    - Expand the interim board to include inaugural member bank representatives and establish the election process for the permanent board. (Prior to Day One)
- **All SBA Leaders**
    - Continue outreach to member banks using existing talking points, membership packages, and the forthcoming one-page pitch.
    - Direct banks with questions to Kim Askwith or Corey LeBlanc for support in conversations.
    - Forward any unsolicited vendor or tech company emails to the Alliance rather than responding directly.