

WHITEPAPER

How Vertical Banking Drives Growth for Community Financial Institutions

Reach New Markets with Targeted, Niche Banking Experiences



The Problem

Community FIs Are Competing in a Crowded, Generic Market

Community banks and credit unions face mounting pressure from all sides. Deposits are declining, membership is aging out, and younger consumers expect highly personalized experiences that most traditional institutions simply can't deliver with their broad-based approach.

The numbers tell the story:

72% of customers say personalization affects their choice of bank.

(Accenture, 2025)

30% of Gen Z consumers feel their banks aren't meeting service expectations.

(Glassbox, 2024)

73% of US consumers would consider switching banks in the next 12 months.

(Pinwheel, 2024)

74% of consumers want more personal experiences from their banks.

(The Harris Poll, 2024)

Meanwhile, community FIs are often struggling to serve everyone with the same products and messaging, making it nearly impossible to stand out or connect meaningfully with specific audiences.

The Solution

Vertical Banking

Vertical banking lets community financial institutions create focused digital brands tailored to specific niche audiences. Instead of trying to be everything to everyone, you can deliver exactly what distinct communities need while preserving your main institutional brand.

What Makes Vertical Banking Different?

Unlike traditional niche banks that serve only one audience, or neobanks with limited offerings, vertical banking gives you the best of both worlds: the full resources and product suite of an established institution, packaged in an experience that speaks directly to a specific community's needs and values.

Real Success

How Panacea Financial Grew by Focusing on Doctors

When physicians Ned Palmer and Michael Jerkins launched their careers, they discovered something frustrating: banks didn't understand doctors' unique financial situation. Despite having high



earning potential and low default rates, medical professionals were consistently treated as high-risk customers, facing high interest rates and rigid loan terms.

Their solution? **Panacea Financial** — a vertical bank “built for doctors, by doctors.”

The Results Speak for Themselves

Because of their unwavering focus on serving the needs of medical professionals, Panacea has grown to serve **7,000+ customers** across all 50 states with **\$750+ million** in loan originations. They are also a preferred partner for **38 national medical associations** representing 415,000 active doctors.

Since partnering with Bankjoy in 2024, Panacea has seen even more growth including:

- **250% increase** in monthly active digital banking users (with no additional FTE needed)
- **175% increase** in new account enrollments
- **40% improvement** in customer satisfaction

What Made Panacea Work

Authenticity was paramount. Palmer and Jerkins were part of their target audience; they understood the pain points firsthand and spent years researching the market opportunity. This meant they were able to tailor their product offerings to the needs of their community and reach their target audience to attract new account holders through channels that others may have overlooked (like community forums including Reddit pages).

They chose a name that connected. “Panacea” was a “nerdy dog-whistle” that medical professionals would immediately recognize, while representing the company’s mission to cure doctors’ financial ailments.

They partnered with the right technology. When Panacea’s original platform couldn’t keep up with their growth, they switched to Bankjoy for a modern, scalable experience that their younger, tech-savvy customer base expected.

Why Vertical Banking Works: Four Key Benefits

1. Portfolio Diversification

Niche strategies let you develop specialized products like green loans for eco-conscious borrowers or practice loans for healthcare professionals. This broadens your portfolio while serving underserved audiences.

2. Competitive Differentiation

By solving specific problems for a defined group of people, you can compete with fintechs offering hyper-personalized services. You're no longer just another bank, you're *their* bank.

3. Revenue Growth

High-growth segments like small businesses, younger generations, and emerging professions represent untapped revenue opportunities. Products that meet their specific needs drive adoption and create profitable, long-term relationships.

4. Customer Loyalty

When brands align closely with their audience's values and needs, they foster stronger emotional connections. Customers who feel truly understood are more likely to stay, refer others, and develop higher lifetime value.

Successful Vertical Banking Niches

The most successful vertical banks focus on communities that share common characteristics:

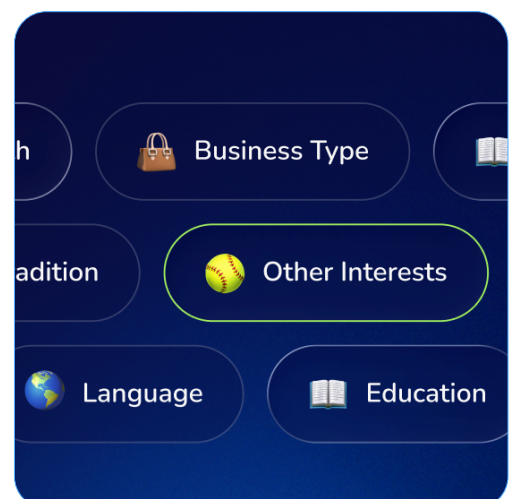
- **Demographics:** Race, ethnicity, gender, generation (Gen Z, millennials)
- **Professions:** Healthcare workers, gig workers, first responders, small business owners, military members, restaurateurs
- **Shared Values:** Sustainability, social justice, financial inclusion, religion
- **Life Stages:** New graduates, newlyweds, retirees, students
- **Geographic Communities:** Rural residents, immigrants, underbanked populations

The Three-Step Process to Launch Your Vertical Bank

Step 1: Identify Your Niche Audience

Success starts with choosing the right segment. Look for audiences that:

- Your institution understands well
- You can establish a meaningful, authentic connection with
- Have specific needs and problems you can solve
- Are currently underserved by existing options

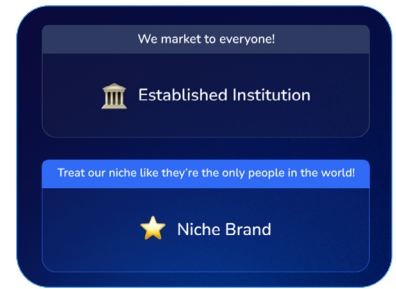


Why Now Is the Time for Vertical Banking

Getting Started: Key Success Factors

Step 2: Create a Brand for That Niche

Develop a distinct name, visual identity, and messaging that speaks directly to your chosen audience. This isn't about creating a new financial institution, it's about creating a specialized digital experience of your existing offerings.



This is a marketing-first strategy.

You decide on the audience, brand identity, and product mix. Your technology partner handles the technical implementation.

Step 3: Bring Your Niche Bank to Market

Launch targeted marketing and outreach campaigns designed to reach your specific community. Leverage the niche's social connections, professional associations, and digital communities to build awareness and drive adoption.

Traditional financial institutions can't afford to wait. With fintechs and neobanks gaining ground by offering personalized experiences, community FIs need new strategies to compete, and continue to deliver on their main objective of serving their communities.

Vertical banking offers a strategic path to growth that enables you to:

- **Diversify portfolios** and mitigate risk by serving multiple market segments
- **Strengthen relationships** with both new and existing customers
- **Tap into new revenue streams** through targeted, high-growth segments
- **Preserve brand equity** by keeping your main institutional brand intact
- **Experiment with low risk** since vertical brands don't interfere with regular operations

Choose the Right Technology Partner

Your vertical banking success depends heavily on having the right platform. Look for partners who:

- Integrate seamlessly with your existing core banking system
- Support rapid deployment (weeks, not years)
- Offer full-service technical implementation
- Provide ongoing support and continuous improvement
- Share your vision for serving niche communities

Focus on Authenticity

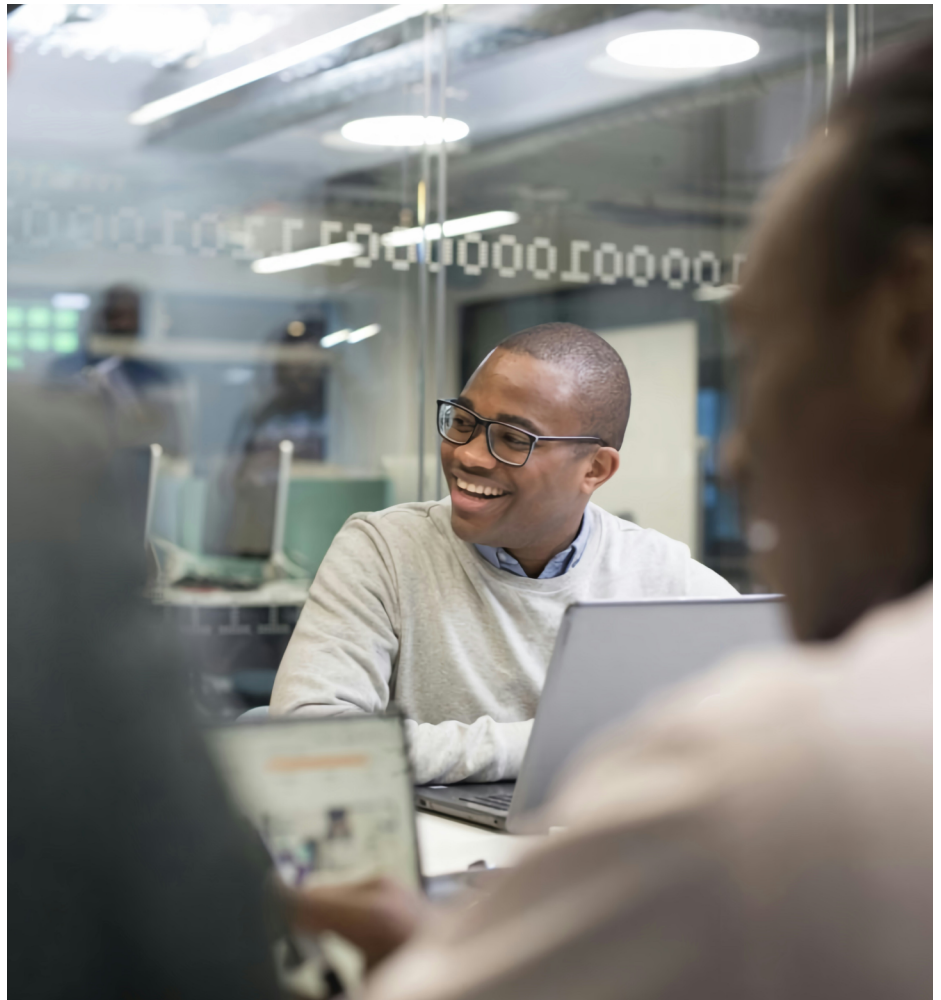
Like Panacea's founders, successful vertical banks have genuine connections to their target audiences. If you don't have direct experience with your chosen niche, partner with a member (or members) of that group, or invest heavily in understanding their needs, challenges, and preferences.

Start with Pre-Validated Niches

Work with partners who have done the research to identify underserved segments in your community. This gives you a data-driven starting point for your vertical banking strategy.

Plan for Internal Buy-In

Vertical banking represents a new way of thinking about growth. Ensure you have the data and rationale needed to sell your board and internal stakeholders on this strategy. Come prepared with a plan and try to anticipate questions and objections so you can quickly and smoothly reply.



The Bottom Line

For community financial institutions, vertical banking isn't just a trend, it's a fundamental shift in how successful institutions will grow in the coming decade. By meeting customers where they are and offering solutions that truly matter to specific communities, you can unlock new growth opportunities while staying true to your mission.

The question isn't whether vertical banking will become mainstream, it's whether your institution will be early enough to capture the best opportunities in your market.

Ready to Launch Your Vertical Bank?

The best niches won't stay available forever. Once a competitor establishes themselves in a specific community, that market becomes significantly harder to penetrate. Bankjoy's platform lets you launch in weeks, not years so you can capture opportunities while they're still there.

Contact us today to explore how vertical banking can drive growth for your institution.

[BANKJOY.COM/CONTACT](https://bankjoy.com/contact) →

