



SUCCESS STORY

MIDDLESEX FEDERAL SAVINGS/
NOVO

Fintech Partnership for Better Business Banking

M Middlesex Federal

- 3 LOCATIONS
- \$447 MILLION IN ASSETS
- HEADQUARTERS: SOMERVILLE, MA

Middlesex Federal Savings is a full service community bank established in 1890 as West Somerville Cooperative Bank. More than 130 years later, Middlesex Federal has grown from its modest beginnings into a thriving community bank.



Novo is a business banking platform built for today's business owners. Novo is an independent tech company that partners with Middlesex Federal Savings to bring small business banking into the modern age with easy-to-use tools for businesses on the go.

Developing the Partnership

Partnering with a fintech can be a challenging endeavor. However, with a focus on open communication and the support of a collaborative core provider, such a partnership can become a differentiator for a community financial institution. Such is the case with Middlesex Federal Savings and Novo, which partnered to bring innovative business banking technology to small business owners across the country.

Middlesex Federal Savings is what its President and CEO John Wiseman calls a "classic community bank." Located in Somerville, Mass., Middlesex Federal Savings has served its community just outside of Boston since 1890 when it was founded as West Somerville Cooperative Bank. Following in the footsteps of his father, a former Director for the bank, and grandfather, formerly a loan officer, Wiseman now heads the bank whose motto is "We're here to help."

Novo is an award-winning fintech startup with a mission to help entrepreneurs change the way they bank by delivering access to leading-edge banking technology. Novo has been recognized by Visa, BBVA, American Banker and the Wall Street Journal, among others, as a fintech on the rise. Adding to its trophy case, Novo was selected by Money Magazine as one of the five best business checking accounts for 2020, offering "smarter business banking" with no account minimums and no hidden fees.

Middlesex Federal Savings wanted to grow deposits in the small business sector and connect with a demographic it had difficulty reaching. Novo was looking for an institution with streamlined decision making willing to take brokered deposits to manage the banking side of its business. When the two found what they were looking for in each other, a partnership was born.

“It was easy to embrace the founders’ vision and they have been able to clearly articulate and execute that vision,” said Wiseman.

Making Vision a Reality

Shortly after meeting with COCC, Middlesex and Novo had a product to test, going from “lunch to launch” with a debit card in six months. According to Wiseman, COCC played a pivotal role in the development and success of the project.

“Our bank’s strong relationship with COCC helped us start this partnership with Novo. We were able to bring in our core provider in a way that was collaborative and not competitive.”

Early in the process, COCC embraced the vision, helping Middlesex ask the right questions to ensure a strong technological and service partnership while also validating Novo’s decision to partner with the bank.

“It’s a tribute to how flexible, adaptable and collaborative COCC is. That was a key competitive advantage for Novo,” said Wiseman of the efforts put in by Novo and COCC to move this project forward.

That forward motion included COCC helping to connect the Novo app to the INSIGHT core, configuring the API and building databases behind the app. This integration enabled the flow of data between Novo and Middlesex Federal.

Working to Their Strengths

With Novo existing entirely online, it is available to small business owners nationwide. Novo’s digital platform filled a void in the marketplace and granted Middlesex Federal access to a whole new customer base while also helping to reduce the cost of funds. This has brought new customers and new deposits to Middlesex. The bank significantly increased its business account opening rate, onboarding more than 2,500 new customers over a four-month period.

In this endeavor, Middlesex and Novo understood the importance of regulation and fraud prevention. Early in its partnership with Novo, Middlesex and Novo met with the Office of the Comptroller of the Currency’s Office of Innovation and the FDIC to keep bank regulators informed. Novo has been a featured speaker at events hosted by both regulators. Novo has also continued to refine its process of fraud detection and prevention throughout the partnership.

“We recognized that banking tomorrow won’t be the same as banking today. We want to stay relevant and compete,” Wiseman said.

Focusing on partnership and communication, Middlesex Federal Savings and Novo have developed a service and relationship that enables them both to focus on their respective spaces. With Middlesex taking care of the banking and regulatory aspects and Novo handling the technical offering, the pair has helped each other to enhance small business banking.

COCC

COCC is an award-winning client-owned financial technology company servicing financial institutions throughout the Northeastern United States. Launched in 1967, COCC was founded by its clients. This unique cooperative structure has set COCC apart from the competition and is one of the driving forces behind their success. COCC is the fastest growing financial data processing company in the United States and recognized as a leader in delivering innovation and the quality service financial institutions demand and deserve.