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Financial Institutions and How Technology is Driving Disruption

Now more than ever, financial institutions (FIs) rely on leaders for the vision and insights needed to meet account holders expectations and drive revenue. Technology will continue to be a key driver of change in the financial industry. The major tech giants Apple and Amazon are already causing disruption in the industry by offering products like payment tools and credit cards. This year, expect Apple and Amazon to become virtual one-stop shops for all their customers' banking needs, including deposits and lending.

Ben Gold, President of Business Lending firm QuickBridge, says the tech giants already have "a massive customer base, looser regulations, and new enhanced security features that will give them the opportunity to carve out even more market share and pose a serious threat to traditional financial institutions."⁽¹⁾

"Neobanks" are a new breed of financial institutions that will also make it more difficult for FIs fighting for new account holders. These neobanks are a broad category of fintech companies that often operate primarily over



mobile devices. As FI account holders demand greater functionality and lower costs, digitally native neobanks will cause further disruption by offering innovation very quickly as they don't have the legacy and overhead costs owned by traditional financial institution.

So how are FIs supposed to compete in this highly competitive market, especially when most FI websites are usually little more than a digital brochure? This is a problem when you consider a FI's website is often its most efficient source of leads and conversations. Americans interact daily with their mobile devices resulting in many FIs generating most of their digital leads through mobile apps. To remain top of mind, FIs must create and nurture their digital presence. One of the leaders in digital sales for banking is Bank of America. In 2019, 24% of its sales came from digital channels and 52% came from mobile⁽²⁾. Those numbers have dramatically increased through the covid pandemic.

To keep the revenue engine humming, FIs need to have a more account holder-centric business model. Forty-eight percent of FI executives say that this is 'the top concern.'⁽³⁾ Seventy-five percent of FIs are making investments in this area. Yet only 17% feel 'very prepared.'⁽⁴⁾ The truth is most FIs don't understand their account holders very well. Thirty-seven percent believe they are losing business to competitors based on account holder experience.⁽⁵⁾

Many will simply send account holders multiple product offers in the hope that something will stick. And very few use existing account holder data they have on a account holder's deposit account, see that a salary deposit has increased, and send a note congratulating the account holder on his or her promotion with an offer of a premium card and a higher credit limit. FIs struggle to connect the dots between data and account communication let alone integrate external sources of data. And because of this, risk and credit decisions are usually done at the product level and not at the account holder level.

Today, account holders are taking their cues from other industries that offer multichannel access to individualized content, product simplicity, and seamless integration. They want convenience, personalization, accessibility, and ease of use. Account holders also want to feel like their bank know exactly what they need, and not overwhelm them with off the shelf product offerings. They want transparency and no surprises in terms of fees. Today's definition of first-class service, which most FIs are a long way from delivering, is rapidly becoming a baseline expectation. And FIs know that better account holder experience leads to greater loyalty, advocacy, and revenues. For many years' marketers

toted the adage "Content is King." The adage should read, "Content is King; Engagement is Queen." relevant messaging and interactive tools helps drive account holder experience that leads to higher engagement. Those that engage with their account holders will undoubtedly surpass the competition.⁽⁵⁾

Pierre Habis, Head of Consumer Banking at Union Bank, says "Over the years, we've seen some incredible new technology being built – both within and outside of our industry. For those who are in the traditional financial industry, I believe the focus will remain on integrating new technologies and enhancing digital offerings, but the emphasis will be more around providing a more valuable, more personalized experiences for our people."⁽⁶⁾

Carson Lappetito, President of Sunwest Bank, says "Financial technology such as smartphone payments, better integration and mobile banking, will become an even greater focus in the financial industry, as innovative companies continue to dis-intermediate financial services by offering a vastly better experience to win new customers."⁽⁷⁾

FIs were once all about being in a prime location and projecting strength, unity, and safety. As they face increased competition in the battle for new account holders in the digital age, through covid pandemic, FIs realize it's not enough anymore to just offer basic services, such as loans and deposits, at a lower cost. FIs are now competing against the biggest tech companies in the world – and the winners in 2022 and beyond will have to develop a much deeper, holistic analytic understanding of their account holder on every level.

Foot Notes 1. U.S. News & World Report 2. CenterStage Correspondent Division
3. Rackspace 4. PwC 5. Forrester 6. CUInsights 7. tearsheet.com





OneClick Financial from ChannelNet is an ideal partner for FIs who want to build a digital relationship with account holders often distracted by the newest technologies.

- OneClick delivers a relevant account holder experience across digital channels (desktop, mobile, app)
- ChannelNet digitally curates and packages the information and tools that allows FIs to uncover and match the needs of each individual account holder.
- OneClick drives cross-selling, retargeting and time trigger messaging to improve share of wallet.
- It is turnkey and no additional hires are needed.

With data-insights and dynamic models, an FI can achieve 1-to-1 dialog with each account holder. Each action an individual account holder takes is tracked to enable follow up re-engagement, as well as deliver instant leads to branches, call centers or specialists for human follow up to close the sale.

By demand sensing and generating leads, FIs can lower the obstacles and time needed to distribute new products and services to account holders, helping them make more well-informed decisions. A click to bricks approach leverages all bank channels: marketing, sales, and operational assets to produce more fulfilled account holder.

Call us for a demo.



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