



Navigating the New Normal: Key Considerations for Banking Leaders

Banks of all sizes have found themselves in the midst of a perfect storm. COVID-19 accelerated the shift from in-person to digital, while new breeds of competition disrupt the industry and customer expectations continue to intensify.

As banks rethink service models and adopt new technology to counter challengers, they are seeing mixed results. Going digital is not always the silver bullet. Software implementations seldom go as planned. Limitations with aging technology or staff knowledge can derail a well-planned effort.

But staying stagnant presents its own set of risks. For bank CEOs, it can be challenging to decipher exactly where, when and how digital investments will add value. What is clear is that banks must adopt a resilient, customer-centric digital strategy to compete in the future. As you progress through your digital transformation journey, keep the following principles in mind.

Manage Your Tech Stack Like a Portfolio

Every technology investment carries risk and opportunity, both independently and in relation to its counterparts.

If mismanaged, technology inefficiencies and costs can pile up quickly. Taking a systematic, holistic view will help you build a strong foundation, yield greater returns and simplify scalability in the long run.

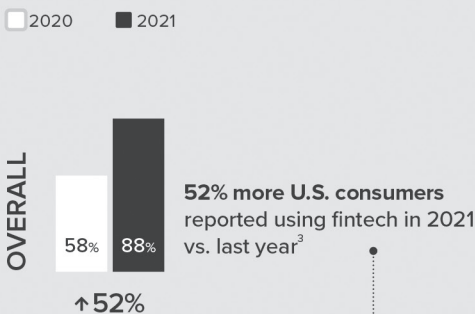
Start at the Top

Given the magnitude of what's at stake, banks will benefit from appointing a leader, or team of leaders, solely accountable for digital transformation and related investments. While it requires expertise in legacy systems, new technology and the future landscape, the right leader is not necessarily your IT manager. This role demands a change agent with the organizational influence and business acumen needed to drive urgency and buy-in.

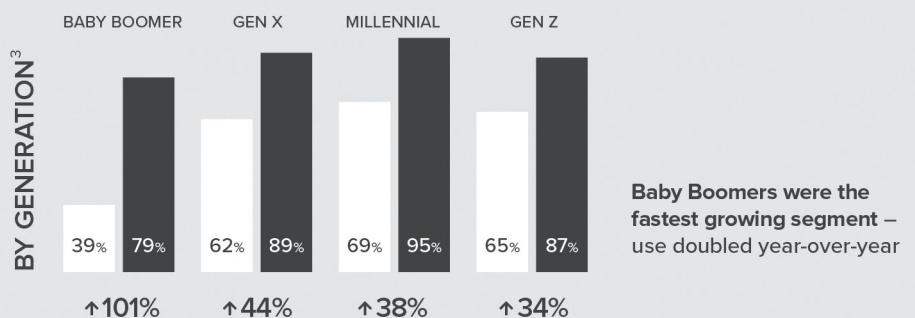
Employee Experience = Customer Experience

Northwestern University researchers found a direct link between employee satisfaction and customer satisfaction, and between customer satisfaction and improved financial performance. When it comes to technology, equipping your staff with modern tools and intelligent data can differentiate the value they deliver to

Fintech has reached mass adoption³



Similar adoption leaps took much longer³



9 in 10 Americans use a fintech app to manage their financial lives³



78% of respondents feel safe using fintech to manage their finances³

customers. For example, speeding up manual tasks with automation and/or integration enables your staff to focus on customer relationships and higher-value priorities. Look at both back and front office improvements to remove friction for your team, particularly millennials and Gen Z employees who typically have higher technology expectations.

Choosing the Right Partner Can Maximize ROI

The most valuable vendors are not just providers, but trusted business partners with a realistic plan for success. Be deliberate in choosing partners who will invest the time needed to derive the most ROI from your new tool. Finding both a technical and cultural fit is critical. Screen potential partners for functional know-how, as well as their ability to effectively engage your staff through implementation, training, new releases and across the life of the product.

Take a Data-Driven Approach to Customer Experience

There can often be a disconnect between what customers want and what banks think they want. Be able to articulate your customer preferences, pain points and bottlenecks by soliciting feedback and validating your assumptions. Interviews, focus groups, market research and data tracking are a few ways to help crystallize your priorities. Banks that address customer experience in a targeted fashion can invest resources more efficiently and build greater loyalty. Finally, you can also apply these principles to your employee experience.

Turn Your Data Into a Strategic Asset

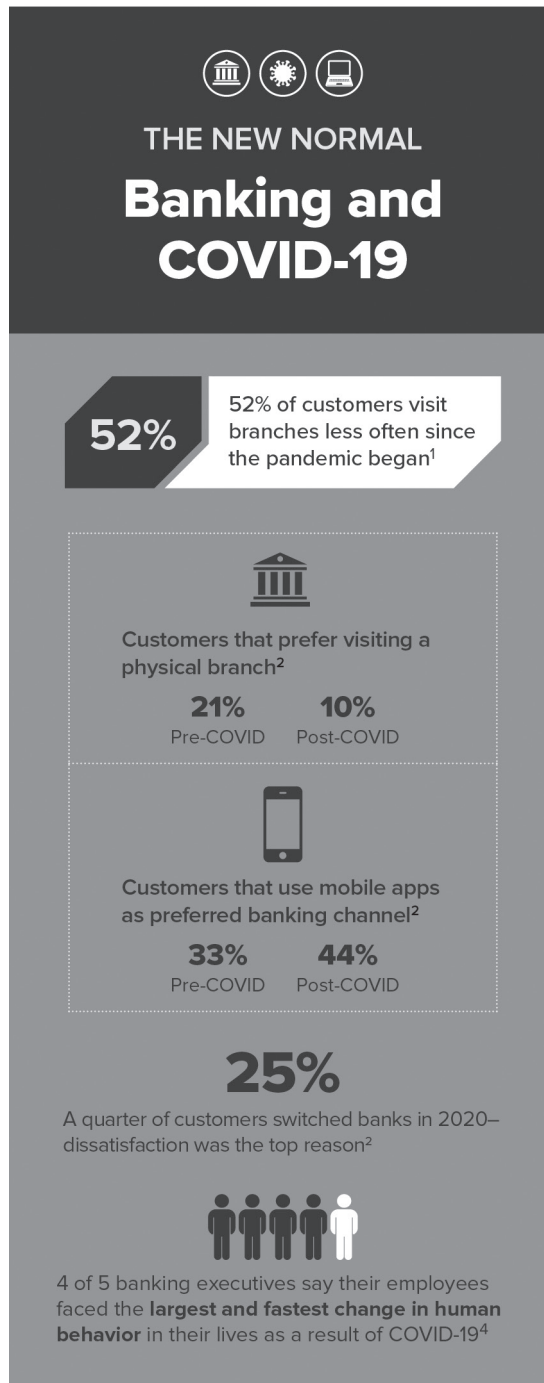
You've likely heard the hype about big data, artificial intelligence (AI), and the like. In fact, 86% of financial institutions plan to increase AI-related technology

investments by 2025. While effective data management is time- and cost-intensive, many banks are now relying on it to uncover new growth opportunities, reduce costs and simply eliminate guesswork. You can start by cataloging the data you have and prioritizing use cases that add most value and/or create a competitive advantage. Achieving a single source of truth requires a strong technical foundation and a phased approach to collect, store and maintain data, as well as make it usable, accessible and scalable.

Start Small, Think Big

Digital transformation is a continuous journey, not a one-time event. Tackling too much at once can be disruptive and risky to an organization. Smaller institutions can stretch their budget by joining forces with other banks or enlisting an earlier-stage fintech. Starting with a pilot or MVP is a great way to test the waters and move towards a phased migration. Finally, working incrementally does not mean piecemealing – every action should tie back to your overall strategy. Failing to synergize efforts will inevitably drive up costs and limit flexibility in the long run.

As branch visits slow, customer expectations evolve and competition toughens, banks are finding themselves in a complex new normal. Despite these challenges, opportunities exist for forward-thinking institutions. Banks can leverage strong leadership, engaged employees, reliable partners and data-driven decision-making to embrace digital transformation, grow revenue and better serve customers.



About Micah Group

Founded in 2017 and based in Minneapolis, Micah Group is a financial technology company that provides lending and credit solutions to banks and financing companies