

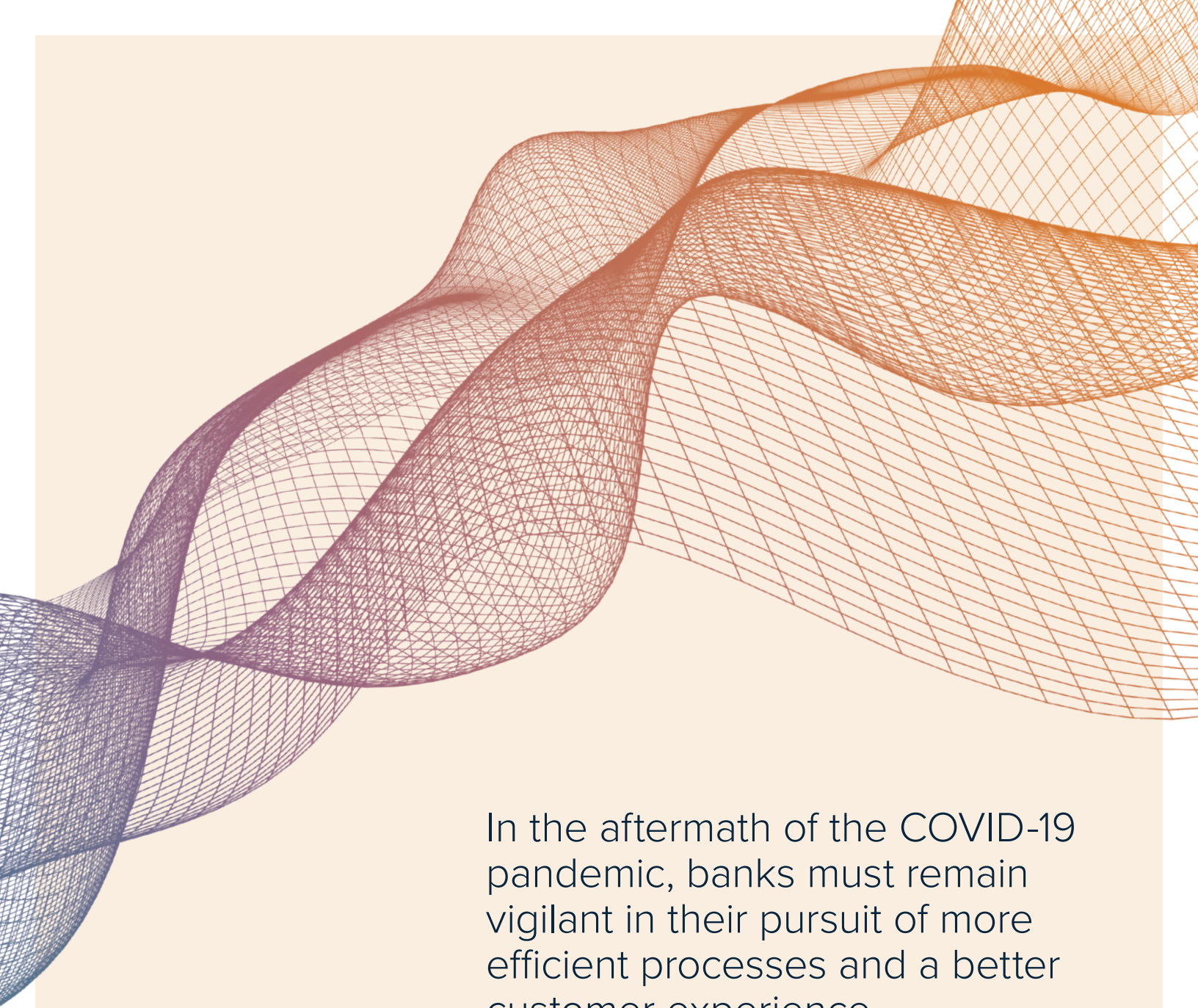


core 10

POST-PANDEMIC
DIGITAL TRANSFORMATION

5 MYTHS

HOLDING COMMUNITY
BANKS BACK



In the aftermath of the COVID-19 pandemic, banks must remain vigilant in their pursuit of more efficient processes and a better customer experience.

Last year, much of the world came to a screeching halt as millions of businesses closed their doors and communities implemented strict social distancing guidelines in an effort to slow the spread of COVID-19. Banks that had already invested in digital transformation certainly thanked their lucky stars, as they were able to continue serving customers through digital channels.



Most financial institutions still have a long way to go with digital transformation. The competition for business is no longer just the bank next door — it's large national banks, online-only banks, and even non-bank businesses like Starbucks and Uber that are giving customers higher expectations for fast and easy service than ever before.

With the end of the pandemic finally in sight, it's tempting to breathe a sigh of relief and slow your efforts. However, the world is not going to move backwards. Consumers have discovered how convenient banking can really be, and it's impossible to un-ring that bell. So how can banks use the post-pandemic period to add fuel to their digital transformation fire? It's going to take more than simply offering a mobile app or website.

As you consider your plan for how to move forward, let's start by exploring why digital transformation matters, debunking several myths that may be holding community banks back from truly committing to digital transformation, and looking ahead to the future.



THE CASE FOR MOMENTUM

Why banks should build on pandemic-driven digital transformation

Only **27%** of customers feel that financial institutions are fully customer-centric, and a mere **23%** completely agree that they responded well to the pandemic crisis.

SALESFORCE

As restrictions relax and vaccination numbers go up, financial institutions are finally able to transition away from the defensive approach that was necessary to survive the pandemic and invest in forward-thinking technologies. The pandemic accelerated changes that banks have delayed giving to consumers for years — namely easier, faster, and more personalized experiences.

It's fair to say that banks found themselves in an impossible situation when the pandemic hit, with many lacking the infrastructure and cybersecurity capabilities necessary for employees to work from home. Despite this dramatic call to action, financial institution executives say of their digital transformation initiatives that:

41%

HAVE BEEN
PARTIALLY
DEPLOYED

27%

HAVE EXECUTED
LIMITED
DEPLOYMENT

11%

ARE STILL IN
THE DESIGN
PHASE

4%

HAVE NO
STRATEGY IN
PLACE AT ALL

Financial institutions that embrace digital transformation enjoy many benefits, including:

- ✓ Significant ROI
- ✓ Improved efficiency
- ✓ Enhanced customer experience
- ✓ More scalability and flexibility
- ✓ Upgraded reporting and analytics
- ✓ More targeted marketing capabilities
- ✓ Improved compliance posture

Banks should not assume they survived the storm and can now rest. If we've learned anything from this crisis, it's that we can't predict the future and that constantly looking toward innovation is the best way to protect the institution.



Debunking digital myths for community banks

Community banks have been slower to adopt new technologies, and for good reason. Historically, innovative technology was often expensive, disruptive to operations, and risky. However, new fintech vendors are designing solutions with community banks in mind. These products are scalable, easy to implement, and have proven ROI.

Even with more technology, services, and support becoming available to community banks, there are still a number of myths circulating that may be keeping community banks from reaching their digital transformation potential. Let's look at a few of them and compare the myths to reality.



MYTH ①

Digital platforms are too complex and expensive

In an industry that has traditionally relied on paper applications, in-person signing, and offline relationship-building, digitizing processes and services can seem daunting — and perhaps even technically unattainable for smaller institutions that lack dedicated in-house IT personnel. Add in the perceived cost of implementation, and it's easy to see why community banks might think digitization is out of their reach. But that doesn't have to be the case.

For starters, APIs are one accessible, affordable way to start rolling out new digital solutions without completely replacing your legacy core platform. In fact, well-engineered APIs can actually save you time and money by serving as a conduit between a new fintech solution and the core system that's already in place. And it's also worth noting that digital transformation doesn't have to happen all at once.

But what about IT needs? The truth is, you don't need a huge IT department or a big budget to start your digital transformation. In fact, the right vendor (like Accrue) will support you during implementation and beyond to make adopting a digital platform simple, often for a reasonable monthly fee. Newer solutions make it possible to afford a solution for around \$150 per user per month. Managed services mean you don't have to hire a full-time employee or understand the complexity because your vendor has it all handled.

You'll begin seeing the ROI of a digital platform almost immediately. In fact, in a study on banks pursuing digital transformation, almost two-thirds said they anticipate revenue gains of 10% or greater within three years, if they take appropriate steps now (BDO).



MYTH ②

Digital platforms are more suited for national and global banks

It may seem like digital platforms make more sense for national and global banks because of the volume of accounts, assets, and applications they're handling on any given day — not to mention the larger budgets and IT departments they have on hand to make it happen.

Here's the secret, though: Size doesn't matter when it comes to digital transformation. Your customers bank with you because of the relationships you've built, the service you provide, and the experience you offer — regardless of your size. But in today's increasingly digital world, customers also expect a good digital experience (thanks in large part to businesses like Starbucks and Amazon), so if your community bank can't evolve to keep up, eventually you will start losing business to banks that are more digitally nimble.

After all, digital transformation is about improving relationships and creating efficiencies, both for the bank and its customers. As an example, think about how tedious applying for a loan can be: filling out the same information in multiple places, signing multiple forms, waiting for the information to be processed and approved. But with digitization, the process is handled electronically, cutting down on the amount of information you need to provide, reducing errors, saving time, and ultimately providing a better, faster loan application or account opening experience.

Digital banking platforms make every transaction or interaction more efficient, lowering your bank's overall costs and improving customer experience regardless of size. Additionally, digital transformation enables your bank to reach beyond your local community and serve customers across the United States — meaning another opportunity for your institution to grow.




MYTH ③

Digital platforms increase a consumer's chance of fraud

Between big companies announcing data breaches and constant reports of hackers in the news, it's easy to get caught up in the myth that digitization automatically equals an increased risk of fraud. And using a little extra caution is never a bad thing! But it simply isn't true that digital solutions present a higher fraud risk than paper applications.

In reality, digital technology is actually better suited to detect fraud. Modern digital platforms have extensive safety features and leave digital trails that make it easier to catch issues, resolve them quickly, and demonstrate compliance. And many digital solutions integrate with fraud detection platforms on the back end that automatically check dozens of different systems for potential fraud — a much faster and more thorough review than one that's done manually.



Of course, every new advantage also comes with a risk. That's why it's important to partner with a vendor you trust, who has proven safeguards in place to help protect your customers (and your business).



MYTH ④

Digital transformation means replacing my employees with technology

This myth is common among many industries, not just banking, and it's an understandable one: There are some industries, like manufacturing, where one of the goals of pursuing digital transformation is reducing their number of employees. But that isn't the case with banking automation. Instead of eliminating personnel, digital transformation in banking actually frees up time and resources for bankers to focus on building relationships and growing their book of business, assets under management, and wallet share.

Customers still want the advice and expertise of financial services professionals for many of their questions. Digital transformation simply helps your employees do their job with fewer keystrokes and mistakes, so they can focus on serving customers rather than simple tasks like filing paperwork.

Still not convinced? Think of grocery store self-checkout lanes. These lanes haven't replaced the hardworking grocery store employees; rather, they've improved efficiency — freeing up employees' time to handle larger orders, answer questions, keep shelves stocked, and wrangle carts in the parking lot, all of which adds up to a better customer experience.



MYTH ⑤

I can't keep my bank open while updating technology

There's a common misconception that when you're rolling out new software or services, your current technology must be completely offline. But digital transformation isn't the same as replacing a restaurant's flooring or remodeling a bathroom, where you'd need to shut everything down temporarily while the work was being done. Rather, digital transformation happens gradually in the background, with very little effort required on the bank's end to get up and running.

Plus, most banks don't upgrade everything at once, so the core system goes untouched and uninterrupted. Even small steps, like digital document management and automated loan processing, will dramatically increase your bank's efficiency. The advent of cloud computing has made it possible to access the files and systems your employees currently use in day-to-day operations while simultaneously implementing better technology.

Once the work on the back end is done, it's usually a flip of the switch to make digital forms and components go live on your site and within your bank — and your customers will be pleasantly surprised with the change (and none the wiser that the work was going on behind the scenes the whole time).

At the end of the day, community financial institutions must look beyond the myths surrounding digital transformation and start examining the research surrounding the importance of offering digital solutions for a successful future.

The path to a digital future

Community banks will succeed by viewing fintech vendors as partners, not competition.

By leveraging APIs, community banks will be able to offer a state-of-the-art customer experience without experiencing huge disruptions to operations and cash flow. However, increased accessibility means customers will only grow more accustomed to digital offerings as more banks provide them.

The key, of course, is finding the right vendor. One that understands banks of your size, has a dedicated team to assist with implementation and beyond, and makes expanding the possibilities of your services easy.



Some banks prefer to go with an all-in-one vendor for digital transformation.

This option has many benefits, including centralized data entry and the ability to go to one provider with any questions or concerns. Prebuilt integrations make it easy for your favorite platforms to communicate with one another, saving your team time and reducing duplicate efforts.

Regardless of the path you choose, banks must keep the forward momentum they generated amid the pandemic in pursuit of digital transformation. The landscape will only become more competitive, and the industry will certainly not move backwards.

Let Core 10 help with your digital transformation

Your employees are experts in keeping your bank running smoothly and helping your community achieve their financial goals. Accrue 360 lets you focus on your strengths while our experts focus on implementing and maintaining your all-in-one digital banking platform.

Digital lending and account opening in as little as 90 days

We'll get you up and running quickly, with a digital experience that delights customers and helps you fund loans and open accounts fast.



No IT team? No problem! We do it all.

Our U.S.-based implementation team handles all the heavy lifting and will guide you every step of the way.



The Accrue 360 Way

Ongoing post-implementation support

Your dedicated Accrue Admin will work as an extension of your team to ensure adoption, best practices, and success long after implementation, so you can focus on your clients.



Banking and lending expertise

We combine industry and market expertise with a deep knowledge of financial technology to deliver a secure platform with everything in one place.



How can we help?

Let's talk about the processes you need to automate to create the digital experience your clients expect.

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