



The Bank Customer Experience And Fintechs

by [Steve Brown](#) Topics: [technology](#), [fintech](#), [business customers](#)

Summary: Bankers everywhere want to modernize rapidly in order to meet their customers' expectations. To reach that goal, some are seeking fintech partners. What to consider if you find yourself ready for this partnership.

The normal human adult is about 70% water or so. That is a good thing because our organs and body parts need a lot of it. For example, the brain is about 80% water, lungs (90%), skin (80%), kidneys (82%), muscles (75%) and blood (85%). Water is used to regulate our temperature, make hormones, digest food, and lubricate joints, among a host of other things. That's why they say you should drink 10 or so 8-ounce glasses of water each day.

Hydrating the body takes a lot of work, but it can pale in comparison to the work customers want banks to do sometimes, when delivering products and services. Community bankers know that Google, Amazon and other big tech companies are increasingly raising those customer expectations too.

An Accenture survey of 80 financial institutions finds 74% of executives think improving the customer experience is their top priority vs. only 58% who are focusing on reducing costs.

Bankers everywhere want to modernize rapidly in order to meet their customers' expectations. To reach that goal, they are seeking fintech partners, ready to keep up with the demands of the Netflix-Uber-Amazon generation.

Bankers have heard this for a while now, but we wanted to provide you with some helpful vendor attributes to consider if and when the time comes to partner with a fintech.

Underwrite your counterparty. Some fintech companies have capital, liquidity and a good idea, while others may have a good idea, but are barely keeping their doors open. To protect your bank and your customers, ask for audited financial statements and send them along to your loan team. Ask them to do a credit review, as if you were extending this fintech a loan. If the answer comes back that you would not make a loan to this company, we suggest you strongly consider walking away.

Expand your technology options. Community banks commonly have legacy technology, some of which can be quite cumbersome to keep up or expand service offerings. To increase your options, partnerships can allow your team to work around the limitations of your IT infrastructure. You can start down this road with some cloud-based computing and API solutions. This opens up your options, but it can also create new risks, so be sure to do your homework, as you move forward.

We are listening. Banks can show they are listening to customers inasmuch as apps offered are easy to use and offer strong data security. Customer data should flow throughout bank systems to reach the customer directly. For the client who signals a change of address, built-in artificial intelligence integrates it with relevant social media news, and the bank is able to tailor its services accordingly. This is what the bank client, spoiled by Amazon, has come to expect, so keep working on it.

Compliance is still key. While all this helps community banks to remain competitive, there are still data privacy, security and third party compliance rules to follow. Having too many vendors makes it complicated, so you may want to keep it simple, especially in the beginning. Talk to your regulators ahead of time about potential issues to look for when partnering with fintechs.

In the meantime, keep hydrating your technology systems as you seek to keep the ideas and opportunities flowing.

ECONOMY & RATES

Rates As Of: 04/10/2019 12:48PM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	2.41	0.03	0.06
6M	2.45	0.02	-0.03
1Y	2.41	0.02	-0.19
2Y	2.32	0.06	-0.17
5Y	2.27	0.04	-0.24
10Y	2.47	0.06	-0.22
30Y	2.89	0.08	-0.12
FF Market	FF Target	Fed Disc	
2.41	2.50	3.00	
SOFR	Prime	Unemp	
2.45	5.50	3.80	

[More Market Rates](#)

BANK NEWS

Credit Access

A NY Fed study finds debt has grown above prior peak levels, but borrower quality has improved too, as the growth mostly occurred among higher credit score, older and wealthier households. The problem is that younger households burdened by high student debt have not had the same access to credit, resulting in lower levels of mortgage originations, higher auto delinquency and higher credit card delinquency.

Mobile Customers

eMarketer research finds US adults spend an average of over 3.5 hours each day on mobile devices. Community banks should note this as you continue to ramp up marketing efforts and further digitize your bank, as you seek to retain and grow customer relationships in this shifting landscape.

Regulatory Insight

The FDIC reports it uses several analytical tools to identify higher-risk financial institutions by considering factors such as rapid growth, fluctuating earnings, economic downturns, and concentrations in vulnerable industry sectors.

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