



Digital Transformation And Communication

by [Steve Brown](#) Topics: [digital banking](#), [technology](#)

Summary: Despite close to \$5T invested in digital transformation, most consumers don't experience notable progress. What you can do to make the biggest impact in digital with your customers.

As you work on strategic planning for the next few years, one area to discuss is probably how to ramp up word of mouth opportunities with your customers. After all, McKinsey finds word of mouth is the primary factor behind 20% to 50% of all purchasing decisions, so it is critical to have a plan.

Another critical area for banks is enhancing and building the digital experience for customers. The industry has spent a lot of time and money on efforts to enhance the digital banking experience for customers, yet only 25% of consumers believe there has been any real improvement in their digital experience. One of the biggest problems with these efforts is that financial institutions tend to be too focused on their own goals, according to a recent study from digital banking solutions provider Kony Inc.

Despite close to \$5T invested in digital transformation strategies in the banking, retail, healthcare and utility industries, consumers don't believe there has been any meaningful progress in regards to the digital experiences that they have. Kony also found that consumers misjudge the number of businesses that have been investing in their digital efforts by 50% or more.

The main reason for this disconnect is that the things businesses are investing in are not centered on the desires and needs of their customers, but on their own business processes. In fact, Kony found that 68% of digital transformation efforts at financial institutions are driven by the desire to cut costs or boost revenues, and only 28% with the specific goal of meeting customers' needs. As a result, 63% of consumers believe that their bank is either behind its competitors or just barely keeping up.

Amid a seemingly endless slew of reports of data breaches at major companies and organizations, data security is the top concern that customers have in regards to their digital banking experiences. Given this reality, you not only need to focus your digital banking transformation strategies on data security, but also may want to step up your efforts to let customers know about these efforts. According to Kony's findings, though 31% of banks and financial institutions have invested heavily in data security, only 15% of bank customers believe that they have.

Beyond security, customers are also looking for more humanized digital interactions with their banks. While round the clock accessibility is important, customers not only want digital access, but also access to a live person via chat, a video call or real-time texting. Kony found that 32% of bank customers highly value such services, with another 26% of customers having a strong preference for them. Consumers consider such services so important that 54% of bank customers would ponder switching to another bank, if their own bank cannot provide the digital experience that they expect.

According to Kony's findings, financial institutions are planning to increase their investment in digital initiatives across the board more than any other industry, with a specific focus on mobile and online experiences.

While community bankers routinely think about and communicate with their customers, it doesn't hurt to assess their digital needs to see where improvements can occur.

ECONOMY & RATES

Rates As Of: 10/22/2019 10:52AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	1.62	-0.18	-0.73
6M	1.62	-0.19	-0.86
1Y	1.57	-0.17	-1.03
2Y	1.62	0.00	-0.87
5Y	1.61	0.07	-0.90
10Y	1.79	0.13	-0.89
30Y	2.28	0.16	-0.74
FF Market	FF Target	Fed Disc	
1.85	2.00	2.50	
SOFR	Prime	Unemp	
1.86	5.00	3.50	

[More Market Rates](#)

BANK NEWS

SMB Frauds

A study of small and medium business (SMB) lending fraud by LexisNexis finds types that occur most frequently are: legitimate business and fake customer or owner identity (68%), bogus business and fake customer or owner identity (65%), bogus business and stolen customer or owner identity (60%), stolen legitimate business identity and stolen customer or owner identity (52%) and legitimate business and legitimate customer or owner identity (45%).

M&A

1) Bank of Brodhead (\$154mm, WI) will acquire Farmers & Merchants Bank of Orfordville (\$55mm, WI) for an undisclosed sum. **2)** Oakwood Bank (\$321mm, TX) will acquire Community Bank of Snyder (\$109mm, TX) for an undisclosed sum. **3)** First State Bank (\$306mm, WI) will acquire Pioneer Bank (\$156mm, WI) for an undisclosed sum. **4)** The Union State Bank (\$337mm, KS) will acquire Midland National Bank (\$136mm, KS) for an undisclosed sum.

CECL Date

The Financial Accounting Standards Board (FASB) has voted to extend the implementation deadline for CECL for small public lenders, public lenders that don't file with the SEC and private and nonprofit lenders for the fiscal year and interim periods beginning after Dec. 15, 2022. Final guidance will be released mid-November.

CHECK IMAGING FOR CANADIAN CASH LETTERS

PCBB's enhanced cash letter service for Canadian checks can help your bank minimize its credit exposure, increase operational efficiency and deliver faster fraud notification. Learn more about our [check imaging for Canadian cash letters](#).

Copyright 2018 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.