



Racy IT Spending Mistakes

cyber security technology

Summary: Celent finds IT spending by US banks has risen by more than \$10B in the past 5Ys. We help you avoid IT spending mistakes to get the most bang for your buck.

A new survey by EdenFantasys looked at how prevalent sex is in the workplace. What - good morning! Now that we have your attention, the survey found 14% of people say they have had sex at their place of work and of those, 19% have been caught doing so. While 44% have had a workplace romance, 70% of those said they hid their fling from coworkers and bosses. Finally, while 60% of all work relationships have ended in a breakup within 1Y, 25% of such relationships ended in marriage. Have fun out there, but not too much - at least at work!

Switching gears this morning back to banking matters, we focus on technology given how essential it has become in connecting with customers, managing operations and gaining efficiencies.

Here, we look at research by Celent that finds IT spending by US banks has risen by more than \$10B in the past 5Ys, to \$67.5B last year. Despite the sharp increase in this budgetary line item, as well as the corollary focus on technology from inside and outside the institution, banks still often make several common mistakes in technology-planning and spending, so we thought we would try to help.

These are a few common mistakes regarding IT spending and steps to take to avoid or mitigate them:

IT is for everyone. It might seem clear-cut to leave technology decision-making to the IT department. But, in a world where each and every department and business function are increasingly dependent upon software, hardware and applications bought for them, it makes sense to engage staff from all over the bank.

ROI is critical. As technology increasingly becomes an intrinsic and essential part of the bank's business, teams must consider IT costs and calculate return on investment (ROI) to be sure hurdles are met. Bankers should understand the payoff for new software or other technologies to control spending and hit goals.

Open banking. The trend towards "open banking" presents an opportunity for community banks to embrace innovative options and initiatives that lock in customers. Banks can cost-effectively use APIs to differentiate their offerings from rivals, according to Celent. Meanwhile, the related move to real-time payments is creating more of an impetus for banks of all sizes to enable faster payments, especially for their valued business customers.

Invest in training. Employees with IT and cybersecurity skills are in short supply. Since cybersecurity has increasingly become a pervasive issue for all bank workers, consider technical and IT security training an essential part of every employee's development.

Get your payback. Banks are actively streamlining operations and enhancing systems, but getting bang for your buck is important. Beyond ROI, banks are spending on better loan origination systems, online and mobile banking options, and payments systems. In light of increasing demands on innovation, security and network

flexibility and capacity, community banks must be careful to balance the need to keep up-to-date, with cost-effective options, where possible.

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