



## Strategic Planning For 2022 Requires Proactive Leadership

► strategic planning leadership pandemic

**Summary:** With 2020 behind us and still recovering in 2021, what does 2022 look like? This is the question that bankers need to ask themselves as they move into strategic planning season. To assist you with your assessments, here are the top strategic priorities for financial institutions.

We have heard that kids aren't shy to share details about their parents with their teachers. Some topics discussed include money problems, divorce issues, politics discussed, and more. Just keep that in mind when you head to Back-to-School Night or that parent-teacher conference later this year!

On a similar note, this past year and a half have proven to be a tough teacher for all of us. One of the main teachings was that priorities can shift quickly. With this perspective, this year's strategic planning is especially important. In June, before the Delta variant had widely spread throughout the US, we reported, "[Despite the upheaval of the crisis, we discovered that many financial institutions stayed the course with regard to their strategic planning.](#)"

Now, three months later, has your strategic planning changed? Are community financial institutions (CFIs) and other financial institutions (FIs) looking through a different planning lens? A recent article by BCG captures the essence of strategic planning for FIs in today's environment. "*The post-crisis period is an opportunity for them to showcase proactive leadership — with the same boldness, tenacity, and vision that they displayed during the pandemic.*" With proactive leadership, you may find you need a new perspective for your strategic planning. To assist with that, we highlight the top priorities for FIs in 2022 and provide you with some insights.

### Top strategic priorities for 2022

During the next two years, as we continue to recover from COVID-19 and battle new variants of the virus that will likely emerge, many FIs are focusing on three primary goals: enhancing digital solutions, focusing on customer service, and growing loans. While CFIs shouldn't feel the need to follow these strategic priorities to the tee, knowing the direction of your peers and industry leaders can help frame up your own strategic planning.

#### 1. Digital solutions

The number of [Americans conducting banking business online is expected to surpass 77% of the US population in 2022](#). So, unsurprisingly, offering enhanced digital capabilities is high on the list for many FIs next year. While the degree of investment will likely vary by institution, this is an area that most bankers expect to focus on, with higher customer adoption and rising expectations for digital solutions.

The results from a recently released Jack Henry survey of bank and credit union CEOs revealed that 75% of those surveyed said they plan to boost fintech investments over the next 2Y period. Also, more than 30% of the institutions with \$1- to \$5B in assets are expecting to increase technology investments by over 10%. Here's a look at some of the digital priorities as you consider some of your digital goals.

- **Open banking.** Just over half of survey respondents were aware of the increased use of open APIs that can embed banking in third-party settings and embed fintech into bank and credit union digital experiences. Of those, 87% plan to execute an open banking strategy by 2023.
- **Payments.** More than 50% plan to deploy real-time payments by 2022. Payment hubs are a priority for 46% of bank CEOs. However, more advanced options, such as Payments-at-a-Service (PaaS) are just beginning to be more widely adopted.
- **Lending.** CEO top priorities included automated loan prequalification and approval as well as digital end-to-end loan origination.

## 2. Customer service

In a 2021 Ascent survey of more than 1,700 bank customers, [97% of respondents said that the quality of customer service is their top consideration](#) when deciding where to open a new account. So, how do CEOs of FIs plan to position themselves for the continued evolution of banking and rising customer expectations while providing a consistently high level of customer service? Here are two ways:

- **Continuous monitoring.** The best way to know how to satisfy your customers is to proactively communicate with them about their experience and their ongoing needs. Asking them on an appropriately routine basis for feedback will make them feel valued and deepen their loyalty. Their input can also provide direction on various projects CFI's may be considering.
- **Customer retention.** According to Semrush, [banks have a customer retention rate of 75%](#). Customers seem to only switch when life circumstances happen (such as a pandemic) or they move (which we are seeing in larger than usual numbers). Getting hit with both at the same time should incentivize all FIs to pay attention to their customers more than ever. Plan strategically based on what trends hit close to home, such as an influx of new PPP customers. Consider what tools or services are needed to keep those customers satisfied. The estimated cost to all industries in the US for customer dissatisfaction is \$75B. No wonder this is considered a top priority to many FIs.

## 3. Growing Loans

Most experts agree that [loan demand is coming](#). Yet, when and by how much is still up for discussion. Many bankers are reviewing their current portfolios to find areas of opportunity. Some may be looking for diversification through syndicated C&I loans. Other strategies include reinforcing your lending strengths to expand organically, as opportunities arise or expanding your loan portfolio through M&A. Or maybe a combination of both build and buy. Work closely with your lending teams to decide which strategies work best for your institution in the coming year(s).

As the fallout of Covid-19 and the Delta variant continues to unfold, your strategy may evolve. However, the fundamentals will likely stay consistent. With 2020 behind us, we have gotten stronger and wiser for 2022. Leverage the lessons learned for a successful strategic plan.

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## ECONOMY & RATES

Rates As Of: 09/24/2021 06:53AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.03	-0.01	-0.06
6M	0.04	-0.02	-0.05
1Y	0.08	0.01	-0.03
2Y	0.29	0.08	0.17
5Y	0.97	0.19	0.60
10Y	1.45	0.14	0.53
30Y	1.97	0.03	0.32
<b>FF Market</b>	<b>FF Disc</b>	<b>IORR</b>	
0.08	0.25	0.15	
<b>SOFR</b>	<b>Prime</b>	<b>QBER</b>	
0.05	3.25	0.07	

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