



## Keeping the “Community” in Banking During Digitization

small business business customers customer experience

**Summary:** Digitization is a critical component in CFIs’ efforts to remain competitive with fintechs and their largest peers, but the personalization of smaller banks is their most valuable asset. We explore how to reconcile these seemingly competing forces to achieve a digital experience that works for your customers and your CFI.

Children have been setting up stands and peddling lemonade to neighbors and passersby for as long as anyone can remember. But in 2009, Mikaila Ulmer took the tradition to another level when she sold glasses of her great-grandmother’s 1940s lemonade recipe, which included local honey. After Ulmer’s lemonade gained instant popularity among locals, she bottled it and supplied it to a local pizza shop. Following a \$60K investment through the TV show Shark Tank, the now-17-year-old’s [Me & the Bees Lemonade is sold in more than 1.5K grocery stores](#) across the country and has grown into an \$11MM business.

The success of Ulmer’s lemonade is rooted in her ability to hold true to its original recipe and homemade taste, despite ramping up the business to a nationwide organization. Naturally, this made us think about community financial institutions’ (CFIs) own struggles to enhance their digital and technological capabilities, while holding tight to the very qualities that attract people to smaller banks to begin with. While many CFIs need to step up their digital capabilities to compete against fintechs and the industry’s largest banks, they need to equally focus on efforts to maintain the community feel of their organizations as they expand their services and product offerings.

### Keeping the Community in Banking

Whether large or small, continuously enhancing technological capabilities is at the top of all financial institutions’ priority lists. Because CFIs don’t have the same deep pockets as big banks — and have the added costs of maintaining physical branches that fintechs don’t have — it’s important to be selective in the technology they invest in. Instead of upgrading just to offer the latest technologies, CFIs need to first determine their ultimate goals with technology, and how each upgrade or enhancement will benefit the customer experience. Since relationships and a more personal touch are at the heart of community banking, maintaining that feel should be at the center of a CFI’s digital strategy.

**Digital offerings should provide convenience, efficiency, and ease of use**, but for CFIs, they should also be an extension of the human touch community banks have. A CFI’s digital channels should reassure customers that there is, in fact, a real person behind every transaction they engage in. When something on the tech side stops working, people want to know that they can get instant access to a real person for help. According to HubSpot, [almost two-thirds of customers expect immediate access to customer support teams](#) (within 10 minutes), and that doesn’t necessarily mean phone support. As we’ve mentioned in a recent BID article, [chatbots have become commonplace on websites and mobile platforms](#), and most people have grown accustomed to using them. Emarketer cites that [63% of consumers are actually more likely to return to a website if it features live chat](#). Other options for personalized customer service include video chat and

collaborative browsing (also known as co-browsing), where a bank support representative can view the customer's screen to understand their experience better.

Given limited funding, it's an unwise move to implement new technology based on what you think your customers want. Instead, a CFI should verify customers' actual technology needs before committing funds to any digital enhancements. One way to do this is to create prototypes and test new offerings with small groups of customers. Their feedback will confirm what your other customers may find valuable (and what they likely won't) before you put time and budget into a big project. If you're less concerned with putting together a focus group and looking for more concise, timely answers, you can ask your whole customer base. This can be done during in-person interactions, through an online survey, or even via polls on your social media channels.

Digitization is a battle every bank is facing, but a CFI has the benefit of a closer relationship with their customers, ultimately meaning that they can home in on what their customer base wants in a way large banks can't. The key to maintaining your relationships with customers as your business changes is to balance the priorities and make sure that the new technology you're implementing matches your customers' needs. However, your CFI chooses to pursue greater digitization, a personal touch should be part of the recipe.

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## ECONOMY & RATES

Rates As Of: 09/22/2022 08:21AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	3.31	0.35	3.25
6M	3.86	0.54	3.67
1Y	4.10	0.60	3.72
2Y	4.15	0.66	3.41
5Y	3.93	0.58	2.67
10Y	3.71	0.51	2.19
30Y	3.64	0.35	1.74
FF Market	FF Disc	IORR	
2.33	2.50	3.15	
SOFR	Prime	OBER	
2.25	6.25	2.32	

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