



The Gap Between Tech Enthusiasm and Actual Customer Use

by [Steve Brown](#) 📖 technology digital banking customer experience

Summary: A recent study by McKinsey found that bank customers voiced overwhelming support for digital transformation, with three of four saying they would be willing to try digital account opening. But only 15% said they had actually opened an account digitally. What accounts for this difference between thoughts and actions, and how can CFIs bridge the gap?

If you believed what people said 50Ys ago, ATMs would have never survived. When ATMs were first introduced, [people said they would never use them](#) and instead continue getting cash from tellers. As ATM functions expanded, however, [ATMs became quite popular as they were more widely available](#).

The split between what people say they will do and what they actually do is a common conundrum for businesses trying to predict how people will respond to new products, especially community financial institutions (CFIs) that are trying to launch digital services. Echoing this division, a new McKinsey report that notes more than [70% of customers said they would consider new digital channels for their banking needs](#), yet only 30-35% said they prefer digital when doing so, and just 15% had actually opened accounts digitally. It's a long way from 15% to 70%. Should a CFI devote all the time and expense of creating a digital account opening service if just 15% of its customers use it?

Reasons Behind Customer Reluctance

The most important question for CFIs is why so few customers use digital account opening. There are a few reasons that customers have been slow to adapt to digital account opening, despite their expressed interest in more digital offerings:

- **Discomfort with online banking.** They are still uncomfortable with opening an account online, versus face-to-face in a physical branch. Providing personal information to open an account digitally may still feel too risky, combined with a subset of customers who may not feel digitally savvy enough to try it out.
- **Lack of opportunity or technology.** Even if a customer would like to open an account online, their bank may not offer digital account opening. According to the McKinsey report, less than 30% of banks around the world have instituted these digital channels. Digital account opening may not be widespread enough to reach an optimal number of customers for it to really take off. Consider the ATM: it took ten years for the ATM to reach widespread use in part because banks were initially slow to install ATMs at their locations.
- **Bad past experiences.** They may have disliked the digital account opening service they encountered at their banks. A confusing experience with a digital service would increase a customer's distrust of any other digital channel, even if new technology becomes available, or they move to a new institution with a different process or platform.

How to Reconcile Conflicting Messages

Should your business invest in a sophisticated digital account opening app? Or should you stick with the traditional human touch branch experience? The answer is a [combination of digital and physical banking](#)

experiences, known as “phygital” banking. People still like dealing with other human beings, even though they appear to be open to new digital processes, so a CFI should provide both physical and digital services.

On the physical side, this means reviewing and updating how branches operate, using data analytics to help guide design and operations, and making sure branch employees are well-trained and capable. Branch services are particularly helpful with providing solutions for sensitive or complex financial matters, and retaining that option for customers will set their minds at ease.

On the digital side, this means adding and improving digital offerings in ways that respond to the particular needs and wants of a CFI’s market. Weigh the value of adding apps and digital enhancements against the likelihood that rapid adoption by customers may not be in the cards. Paying close attention to the user experience with these digital offerings, especially when it concerns opening an account, will go a long way to ensure that their information is secure and that they can trust their CFI’s digital services just as much as their physical branch services.

Ultimately, the challenge for CFIs is to find the best way to blend current customer needs with their openness toward digital innovation to create value for their customers. That means recognizing the broad support for digital solutions as a long-term trend, but also realizing that in the near term, customers still find tremendous value in solid personal service on functions such as account opening. To offer the best support to customers, a CFI can find ways to enhance their digital offerings while maintaining solid branch services.

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ECONOMY & RATES

Rates As Of: 09/29/2022 05:39AM (GMT-0700)

| Treasury | Yields | MTD Chg | YTD Chg |
|-----------|---------|---------|---------|
| 3M | 3.40 | 0.44 | 3.34 |
| 6M | 3.87 | 0.55 | 3.68 |
| 1Y | 3.99 | 0.48 | 3.60 |
| 2Y | 4.19 | 0.70 | 3.46 |
| 5Y | 4.03 | 0.67 | 2.76 |
| 10Y | 3.80 | 0.61 | 2.29 |
| 30Y | 3.76 | 0.46 | 1.85 |
| FF Market | FF Disc | IORR | |
| 3.08 | 3.25 | 3.15 | |
| SOFR | Prime | OBER | |
| 2.98 | 6.25 | 3.07 | |

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