



## Banks Are Way Behind in the Digital Race and Execs Know It

customer service digital banking

**Summary:** Almost no bank leaders think they are doing an excellent job providing digital services, and they know the areas that need improvement. The problem is figuring out how to make necessary adjustments and then following through. We provide insight on the top five digital requests from financial customers.

One of the most admired paintings in the world is the “Mona Lisa” by Leonardo da Vinci. It is also one of the greatest examples of procrastination. It took da Vinci [15Ys to finish](#), and it was far from his slowest effort. In hindsight, it makes sense that such a lauded work of art took so long to produce. However, this isn’t the wisest approach to take when you have customers waiting for more capabilities and functionality.

Traditional financial institutions (FIs) are in a race for digital proficiency, and they are playing catch-up to nonbanks and neobanks. Financial executives of legacy companies are well aware of just how far behind they are. They also recognize that they haven’t done enough to catch up, but why haven’t they? Is it procrastination? Or is it just the bureaucratic sluggishness of an established business? Either way, the issue is one that continues to vex FIs.

### Providing Excellent Digital Services

In a [BAI survey](#), just 4% of financial executives said they deliver excellent digital services, while 44% said their digital offerings were only average. It’s not as if most FIs are doing nothing when it comes to digital. In fact, many are. They are just late to start and slow to finish.

In fact, 75% of banks and credit unions say they have launched a digital transformation initiative, according to a [survey by Cornerstone Advisors](#). Another 15% said they planned to get started in 2022. Of those who launched their digital transformation initiatives in 2020, about half were halfway done by 2022. There’s still a long way to go.

### How to Catch Up

Your best bet at making progress in digital is to spend more time and money on the problem. But that is a challenge, especially for smaller institutions with limited resources. The spending dilemma can lead to decision paralysis and committing to small-scale band-aid projects rather than the full-fledged solutions you need in the long term.

When trying to make these hard decisions, it can be helpful to keep in mind that the penalty for inaction might be customers who leave for better digital. Demand for digital banking is on the rise, with 70% of millennials and Gen Zers in the BAI survey saying they’d gladly switch their FI for more digital capabilities. Considering the entrepreneurial spirit of Gen Z and their focus on personal branding, this could be especially troubling for CFIs courting the next group of young business owners.

## Where to Focus Attention

The goal for community financial institutions is to offer digital services that are useful to customers and achieve a level of excellence. Here are some areas worthy of focus:

1. **Make apps faster and easier to use.** Those two qualities were cited most often by customers in the BAI survey.
2. **Provide better customer service.** This may seem like a departure from digital, but it is in fact critical. In the BAI survey, 24/7 customer service was named as the most important thing a bank could do to improve its digital offerings. This view spanned every age group.
3. **Offer online account opening and make the programs easy to find and navigate.** Banks should have a way to measure how often customers abandon forms without completing the process, as well as how long it takes to complete them. There should also be a way for customers to provide feedback about their experiences.
4. **Provide online loan applications.** Like account opening programs, these should also be readily available and easy to use. They should be flexible enough for applicants to enter relevant information about their creditworthiness that might enhance their chances of getting loans. Again, live support is very important.
5. **Make it easy for customers to manage their bank cards online.** This was one of the top requests by customers in the BAI survey.

FIs are well aware of their shortcomings when it comes to online banking tools. While many are making some headway in expanding digital offerings, there is more to be done, particularly from the consumer standpoint. Focusing on offering the most-requested digital banking capabilities can help your organization make progress against competitors where it matters, rather than fall behind trying to identify priorities or a way to implement everything at once.

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## ECONOMY & RATES

Rates As Of: 05/10/2023 05:34AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.29	0.19	0.87
6M	5.18	0.12	0.42
1Y	4.81	0.07	0.10
2Y	4.04	0.03	-0.39
5Y	3.50	0.02	-0.50
10Y	3.50	0.07	-0.38
30Y	3.82	0.14	-0.15
FF Market	FF Disc	IORR	
5.08	5.25	5.15	
SOFR	Prime	OBER	
5.06	8.25	5.06	

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