



Five Ways To Use Slower Economic Times to Your Advantage

📌 industry update economy

Summary: Every economic downturn creates both pain and opportunities. Rather than scaling back or doing nothing, CFIs should consider adopting strategies that will position them for growth when the economy inevitably recovers. We discuss five places to invest during a downturn that can provide you with good return on investment

During the global economic downturn in 2008, LEGO faced financial challenges. However, the company managed to turn things around by refocusing on its core products and values. By 2015, LEGO became [the world's largest toy company](#), demonstrating how strategic adaptations can lead to success even during challenging times. As we consider today's economy, the LEGO company's story serves as a powerful reminder that a commitment to core values can help businesses thrive during periods of economic uncertainty.

Is the US economy and financial services industry headed for a recession or a soft landing? On one hand, the banking world has recovered from the pandemic and bank failures of 2023; on the other, an inverted yield curve, rising interest rates, high inflation, and global tensions threaten economic stability and growth prospects.

Of course, it's better when business is booming, but economic dips can offer opportunities for community financial institutions (CFIs) to set themselves up for success when economic conditions turn positive again. CFIs might want to concentrate on some or all of the following five areas.

1. **Automation.** Improving operational efficiency offers a potentially big payoff. Process automation can reduce errors while freeing employees from repetitive tasks. Instead, they get the time and energy they need to solve customer problems and create better client experiences.
2. **Technological investment.** Consider eliminating unused or outdated tools; take the opportunity to update technology that can help you work faster or smarter. An upgraded CRM platform's single interface can streamline workflow by letting people work together across teams and locations and by doing away with manual data transfers. Customer relationship management systems can bring down administrative costs and remove the complexity of working with multiple tools and vendors. High-tech ways to open a new account or apply for a loan can bring in new business.
3. **Training and strategic hiring.** The skills that CFIs need are rapidly evolving. Less busy times give them the time to think about which of those skills they already have in-house and take steps to train existing employees or hire new ones to cover missing abilities.
4. **Fintech partnerships and acquisitions.** Many of the solutions that can add value to relationships between CFIs and their commercial customers are solutions that fintechs already offer. [Finding and partnering with or acquiring a fintech](#) can be a sensible alternative to growing solutions from the ground up.
5. **Better value from data.** Move data out of silos and make it available to the whole organization. Look for analytical tools that can help you pull meaningful, actionable insights from a pile of customer information.

Attention to digital banking, automation, technological investment, training and strategic hiring, fintech partnerships and acquisition, and getting better value from data are five places that CFIs can invest during an

economic downturn. They can expect to see a return on that investment when economic conditions improve which will help drive business in the long run.

NEW DEPOSIT PRICING INSIGHTS!

Let your data guide you to the optimal deposit rates for each customer, based on your relationship with them. Discover key pricing strategies in our Insights paper. [Request your copy now](#) for smarter deposit pricing decisions.

ECONOMY & RATES

Rates As Of: 02/08/2024 11:52AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.43	0.01	0.03
6M	5.23	0.05	-0.03
1Y	4.82	0.12	0.06
2Y	4.45	0.24	0.20
5Y	4.12	0.29	0.28
10Y	4.17	0.25	0.29
30Y	4.38	0.21	0.35
FF Market		FF Disc	IORR
5.33		5.50	5.40
SOFR		Prime	ORER
5.31		8.50	5.32

Copyright 2024 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.