



Fine-Tuning Your Tech Strategy

by [Steve Brown](#) Topics: [strategic planning](#), [technology](#)

Summary: Developing and refining a successful technology strategy is important, but challenging. We give you some guidance.

Geckos are interesting critters. They can turn the stickiness of their feet on and off whenever they please. But, no matter how sticky they are, their feet cannot stick to Teflon. While you strategize trying this out as an experiment, perhaps, we bring up another strategy closer to bankers around technology.

Developing a successful technology strategy can be difficult for any enterprise and especially challenging for community financial institutions (CFIs). So, you may want to check out the most recent [2019 Bank Director's Tech Survey](#). It offers a chance to see how you stack up against your peers and can differentiate yourself from the competition. Today, we'll focus on three ideas from this report to think about, when fine-tuning your tech strategy: thinking outside the core, commercial lending, and employee satisfaction.

Any conversation about technology is sure to touch on core systems. For 50% of the respondents from the survey, core provider agreements come up for renewal in the next 5Ys. However, 60% of those banks say they're unlikely to switch. Still, around 60% feel core providers are slow to innovate. Since switching providers can be a costly process, what can you do?

One option is to explore joint ventures with tech-savvy providers that are already plugged into your core. A small number of banks have started using these newer players for account openings, new deposits, and other white-label implementations. If you're considering this kind of expansion, be sure to understand the regulatory pieces too.

Since small businesses are key to CFI success, commercial lending is another area where you will likely want to re-examine your tech blueprint. The survey found only 30% of respondents believed their tech strategy should generate top-line growth. That means most banks are more concerned with reducing costs than increasing revenue, when it comes to tech. This approach has improved efficiency ratios industrywide over the past 20Ys. Yet, revenue per dollar of assets has gone down in that period too.

So, investing in technology that helps boost your revenue, in addition to cost-cutting, is an area of opportunity. One way to achieve this outcome is to identify technology that creates efficiencies by streamlining the commercial loan process. Start to research companies that provide tools to speed up and smooth out those negotiations. Specifically, look into profitability and decision software that can potentially grow your revenue. We have a [customer profitability solution](#) to help you here too. So, feel free to reach out for more information.

Lastly, keep in mind that the technology you choose can be a big factor in determining your employees' satisfaction. Your technology solution can make mundane work less cumbersome and allow your employees to work harder in other areas. A different study recently found 67% of employees who are unhappy with their company's technology consider finding a different job. Asking for input from those who will use the technology can produce more empowered employees. Countless

studies show employees who feel they have something to contribute, create healthier and more successful institutions.

ECONOMY & RATES

Rates As Of: 02/06/2020 01:46PM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	1.56	0.02	0.02
6M	1.57	0.04	-0.01
1Y	1.49	0.06	-0.08
2Y	1.45	0.13	-0.12
5Y	1.46	0.15	-0.23
10Y	1.64	0.14	-0.28
30Y	2.11	0.11	-0.28
FF Market	FF Target	Fed Disc	
1.59	1.75	2.25	
SOFR	Prime	Unemp	
1.59	4.75	3.50	

BANK NEWS

Digital Spending

The largest banks reportedly spend ~10% of revenue annually on technology, yet a survey by Oliver Wyman finds 37% of shareholders surveyed [do not find bank digital strategies clear or credible](#).

SOFR Transition

Investors have begun to trade derivatives tied to SOFR, the replacement benchmark rate for LIBOR. This is a good sign that financial institutions are working towards the transition and will be prepared in 2021, when the time comes for LIBOR to be retired.

Digital Currency

A survey by the Bank for International Settlements (BIS) finds 10% of global central [banks plan to offer a digital currency](#) within the next 3Ys.

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