



2022 COMMERCIAL BANKING TOP TRENDS - AMERICAN BANKER WEBINAR

VIDEO TRANSCRIPT

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Danielle Fugazy - Thank you for joining us today. I'm Danielle Fugazy, a contributing editor with American Banker and I'll be your host and moderator for the next hour. Accenture's commercial banking top trends report is always highly anticipated, and I do want to get right into it because I know how anxious everyone is to hear about what Accenture is thinking about at the start of the New Year. But before I do that, please allow me to take care of a few, I promise very quick, housekeeping items. First, we encourage you to ask questions throughout the broadcast by typing them in directly to your console. Your question will not be seen by your fellow viewers, only I will receive the questions. Towards the end of the program, there will be a link visible for you to download Accenture's full Commercial Banking Top Trends in 2022 report.

I am very pleased to introduce the experts I have with me today. First please welcome Jared Rorrer. Jared is a Managing Director at Accenture and the global practice lead for commercial banking. He has overall accountability for defining the most important

industry trends in priority in commercial banking across the globe, as well as aligning Accenture's teams, capabilities, and technology ecosystem partners to help commercial banking clients successfully execute their strategies. Welcome, Jared and thank you for being with us today.

Jared Rorrer - Thanks, it's great to be here live in the studio with you today.

Danielle - I also have with me in the studio, Chris Scislowicz. He is a Managing Director at Accenture as well as the North America credit practice lead. He has overall responsibility for Accenture's consulting work across retail, mortgage, small business, commercial and corporate lending. Chris specializes in the management and delivery of transformational initiatives and platform implementation for global financial institutions. Chris, welcome to you, and thank you for joining us here today.

Chris Scislowicz - Thank you Danielle it's a pleasure.

Danielle - Accenture and your teams have been putting together this top trends report for three years. And as I mentioned, it's always met with a lot of interest from our audience. I think our audience might agree though, that this year it feels a little different, and that the findings feel a little different than in years past.



Jared, I would like you just to set the stage for our audience. Can you tell us why you keep doing this report at the beginning of the year? Also, am I right in my thinking that the 2022 trends feel a little different?

Jared - Sure, thanks again for having us. You know why we keep doing it, as we saw these three years back or so, we thought it might be interesting. What we realize is not only are they the trends, but it tends to turn itself into a bit of a checklist, or almost a homework assignment for our bankers to go look at and say am I meeting these criteria?

So, we find it to be a really simple way of saying are you thinking about those things that are most important and relevant as you think about moving your bank forward to the future. So that's the first thing I say as far as why it's different or what's different? I mean part of it, gives a bit of accolades to our banks, right? So, the last couple of years we've been talking a lot about the digital foundation and building this, you know the hardware if you will, to enable capability around digital. And as we look at where banks are, there's a bit of a nod to the banks for making their way through a lot of that.

They're certainly not finished, but as we look at some of the innovation and acceleration of digital and technology transformation in treasury and specifically around credit origination, we're seeing those rails really kind of be there to enable that digital capability.

So now as we see that, we see banks and an ability to capitalize on this investment, so it's important. I'd say as banks think about this as you are not at the end of a transformation you've built the foundation, right? The rising rate environment that we're hitting says there's probably some additional investment funds to be had, have your agenda ready and be ready. But you know, this is not the time to think that I'm done with transformation, or I'm fatigued with transformation. This is the time to say I'm ready to go really accelerate because the next level is right here with us, right now.

Danielle - So progress but you've got to keep leaning in.

Jared - Lots of leaning in, yes.

Danielle - So let's jump right into this. Jared, I'm going to start with you on this first trend. It's time to ditch the traditional help wanted approach and talk about Fintech powered banking and what that means for hiring talent. You're predicting that commercial banking will be losing their talent faster than ever and that they have some competitors out there like Silicon Valley. Can you talk a little bit about how those banks can stay competitive and let's just talk overall about the trend?

Jared - Sure, first of all I think the future can be really bright for banks and talent. So, I want to start with that point. We are in an unprecedented time with this pandemic and everybody thinking it's time for a new job, right? So, there's a lot of transition in the workforce. But as we look over the last decade, I think the luster of banking has lost a little bit of its appeal as you know and forgive me everybody, but like this idea that banking is a bit of a legacy industry and not tech-forward has been a bit of where banks struggle to attract talent.

Now we've done some analysis and studies that really show some interesting hiring patterns. First, let me talk about hiring patterns in Silicon Valley, specifically with Fintech's. Hard technology, or you know, very strong technology capability #1 not a lot of business acumen around banking, so they're hiring strong business acumen out of banks. And allowing them to build these super-powered apps and capabilities now, on the other side of that, banks continue to be focused on hiring from other banks.

So, someone had this job at a smaller bank or a lateral move, or something would extend capability and not really taking advantage over all of those other capabilities, now we do have some banks, you know, American Express, Capital One, others who are thinking about technology as that accelerator and thinking



about do I need technical acumen in that technology division, or do I need it in banking?

So, bringing those things together is the power. But this is a bit of a flip, this upside-down moment for banks and say, "I shouldn't be losing it, I am the Fintech Center of Banking and Finance so if I can change that paradigm, that is how I can now attract and retain talent." And really have the swagger that the Silicon Valley folks have had because they've got the capital, they've got the investment, and everything is going in the bank's direction right now.

Chris - I think I want to come back to this sort of prestige point a bit. If they could get back to the 80s in the 90s and where banks were with movies like Wall Street or Secret of my success, it was portrayed as "the place to be."

Unfortunately, the financial crisis sort of knocked a little bit of the sheen off that, and banks have struggled to get that back, but to your point, there's a real opportunity now with investments, with an influx of capital from the interest rate rise to really look at your talent strategy and to do something different. We've seen some recent announcements where some of the big banks have talked about raising salaries substantially, so the money is there, now it's time to bring back the luster in the procedure, and this idea that it's cool to be in banking.

Danielle - Are there any banks that are doing this particularly well or anybody that you guys have looked at?

Jared - There's a couple of banks that jump to me, I mentioned American Express. Thinking about how they're really tech forward and the way they're thinking about hiring folks as an example. But there are a handful of banks that are pushing the envelope in this direction. I don't know if anybody in wholesale embraced this idea that Silicon Valley can be my catalyst for technology. But we are seeing this in pockets across many banks, I'd say Chris, where there are non-banking technology execs being hired. Non-banking business execs to some extent being hired to push towards product innovation and technology innovation.

Danielle - OK, great, so let's move on to trend #2, which involves focusing on the right tools so its RMs: new year, new resolution. Jared, I think you're going to talk about this trend as well. Relationship managers have been notoriously slow to adopt CRM tools, what is it about that, and can banks help relationship managers get more comfortable moving forward? Why is it even important?

Jared - Why it's important? Banks who do it right are going to be able to grow their revenue and sales by 5 to 8% more than those who don't, so there's a tangible financial impact to get it right. That's why it's important.

Why has it not been adopted? There is a myriad of reasons, but the thing that jumps to me is RM's need information that's easy to consume that they can trust. And time and again, these CRM tools have these very complex dashboards that are made for people who like data who like to dig into that, and what I think about RM's, these are people who want it simple, who want to understand what the action might be. How I can track that and how it's simple for me to use, adapt and move on the road with. What we're seeing now is a push towards those insights being put together in a way they're reliable. So, the data is accurate, it's valid those data sets are actually something you can use on like clients to build out those capabilities, and then putting the tool, putting it in a tool that allows the RM to actually feel that it's helping them do their job and this is a bit of a mind shift change from CRM as a management tool, to CRM that is something that has got all this gravitational pool and it makes a RM better. RM's that are out there listening...

This is a way to grow your book by 5 to 8%, so if the tools are right and the data is right and you're using this, you will lead the pack in banking. But there's still work to be done I'd say to get bankers and banks to put this data in a way that is, truly easy to use, it's reliable and it's in a tool that is enabling the right behaviors around CRM that drive the



right actions at the CRM level, and importantly, provide management the right reporting and capabilities on what's happening with the pipeline.

Chris - I mean the RMs have been on the list of trends here for a couple of years now and I think what's different about this one is that we're moving away from investment in experimentation into usage and adoption. When we talked two years ago about the need to invest in CRMs, banks reacted.

I think it's because we said so, but probably not.

Danielle - It's definitely because you said so.

Chris- But the reality is, I think there's been something. We've seen the investment, but the adoption to this point isn't there yet, we haven't seen the returns, we haven't seen that outcome, and I think that's really where the emphasis is now. The data is there, the tools are there. Now it's time to use them and to get the outcome. It's all about moving from experimentation to usage.

Jared - One of our clients down in the Southeast Regional Bank has made some great progress in this area. So, I see their CRM's having enthusiasm through the tool because it's providing those leads that they were having to organically grow on their own, now they're using their data to get there. I think that what they're doing is innovative and hats off to them, but those are the kind of things we need to see more and more stories for, and I think we're starting to see them and there's all you know. It's just a tremendous amount of value just sitting there waiting but this is about a change of tools and then changing behaviors that's going to drive the right revenue growth.

Danielle - That behavior change is tricky but getting there, right?

Let's move on to Trend 3, Chris, I'm going to start with you on this trend, the next evolution of digital customer portals. We all learn that customers want their banking experiences to be more like their Amazon experience, and I think we saw that even more with Covid.

What types of services are the clients expecting now and are the banks meeting that challenge? And what can banks do if they are not meeting that challenge at this point?

Chris - Well, they need to is the short version, but I think it's important here to start a little bit with a history lesson.

We're not going too far back, we can go back to 2020 trends, when we were sitting here, and we talked about the need for customer portals and digital engagement. Little did we know that 60 days later we'd all be locked in our homes and that would be the means of survival.

So, banks who would already start on that journey obviously had a leg up, and those who didn't thankfully reacted very quickly because they had to but unfortunately, I think some of that engagement was a little bit haphazard.

And now what we're really seeing is a need to invest in manners that enhance that digital interaction, to your point, the lines have been blurred, the lines between consumer and business are gone.

You're doing, you're doing your work and your home life on the same computer from the same seat day in a day out and as a result, your expectations are there. The experience that you get on Amazon or at Uber or anywhere else is now the experience you want from your banks. So how does a bank respond to that? It's productivity, it's moving beyond just user interface and user experience and getting into real productivity. We've got some examples in the report, but some of the particular Banks who have integrated client financial systems with their portal.

So, think about if you're a small business owner and you're able to press a button and export your financials from QuickBooks into a bank versus the old way, which is save them, turn into a PDF, attaching to an email and sending to the RM. The RM saves the email, sends it over the credit guy who uploads it, takes a look, it's crazy.

All that technology exists now through open APIs, through open banking, so we've got this real use case for how to make the lives of clients



well, not stopping investment in commercial lending, core banking business and thinking you're done, but accelerating that with this opportunity in my mind.

Chris - I think if we think about where we started right with this question you said, hey it feels different. It is different because over the past two years we've been talking about investing in that digital core and you know, it's not on the trend list anymore because the majority of banks have done that. And so now it's about if the trunk of the tree is built how do we extend the branches and the leaves? How do we start to yield the apples from the tree, so to speak?

And I think that's really what this year is about, it's about saying take the investments that you've made and give a little bit more, push a little bit broader, and expand into other areas to really start to yield the rewards.

Danielle - Chris, Jared, thank you both so much for sharing your insights with us today. I think that our audience will find this session super valuable.

So, to download the full commercial trends for 2022 report, please go to the URL on your screen. www.Accenture.com/CommercialBankingTopTrends

On behalf of American Banker, a big thank you to our audience for joining us today and again, thank you to Chris, Jared and Accenture for making this session possible.

Thank you and have a great day everyone.

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