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
Danielle - So Chris, I'm going to stay with you for this next trend, which I'm bringing up now. The great technical divide widens. It's harder and harder to remain competitive as a small bank, we've all seen it between the demands put on them and by the customer. There are demands from the customer, and there's also demands from a regulatory standpoint for sure. What can these smaller banks do to stay relevant and competitive? We were just kind of talking about this, what is the alternative?

Chris - The bottom line is they have to invest, we started with the war for talent now we're on the war for technology, and there's no doubt that the big banks have a bigger war chest and are spending more with Jamie Diamond's 12 billion this year globally on technology. I mean that's bigger than a lot of Fintech's, right? I mean when you think about the sheer number there, you can't compete with that, and you shouldn't be expected to compete with that head-on. I think it's a matter of how do you fight asymmetrically to carry the war analogy, if you will. Which is, how can I find what I'm good at and take advantage of it?

It's the real point at which strategy meets technology. So how do I enable that strategy? How do I enable what it is that makes me unique or the areas where I have inherent advantages be that in a segment in an industry in a geography, whatever it may be.

And how do I partner with a Fintech that powers that strategy and that partnership can take many forms, certainly there are any number of Fintech’s out there that you can partner with. In fact, I think some folks are probably suffering from Fintech fatigue just based on how many are out there.

But the reality is there is someone out there who can deliver on that promise and what we're seeing, a recent trend is people acquiring the fintech, seeing something that aligns with their strategy and maybe a little ahead of the curve and I'm not going to share that with anybody.
I'm going to really be sexy on some of my API's. I might go after some Bitcoin capabilities. Those are the kind of things that are strategies that banks can deploy to help with this, but it doesn't change the point that there is a widening of this gap, and technology is the only way forward for these Banks. I think that becomes such an important point for folks to really hone in on and think about how you're going to manage through.

Danielle - So Chris, you had originally when you were talking, we're talking about acquisitions acquiring these tech companies and putting them in. And then Jared, you were saying consolidation M&A activity between the regional banks so I suspect you both think that going into 2022 or for the remainder of 2022 we will see more acquisitions and M&A activity across the board.

Chris - Absolutely, I mean, I think it's going to be acquisitions of banks, acquisition of technology companies. We haven't yet seen the technology company acquiring the bank. Not sure we're going to see that quite that flavor, but no, but we are seeing absolutely an uptick in M&A, and we don't expect that to stop.

Jared - I think that the two things that could be hurdles right for acquisitions is going to be the rate environment. Clearly, as we've seen the market come down, that's made banks a little bit more valuable. It's also made those buyers a little less valuable, so we want to see how that plays out. But there is something about the rising rate environment that may create challenges there, and the 2nd is the regulatory environment. We know that there's been delays in getting regulatory approval, so those two things are some headwinds, but I don't think they're going to stop, they might slow some of the activity in the short term, or they might accelerate it so banks can get ahead of it who knows?
Danielle - So we have some more trends to go through. I just want to give a quick reminder to our audience to please submit their questions into the Q&A box on your screen and we will get to them at the end of our trends. So we're going to move on here to trend #5. Embedded finance, so embedded finance takes center stage.

Jared, I'm going to turn back to you for this. Why are small businesses more inclined to turn to Fintech rather than their own existing banks to open business accounts? And I have a lot of questions around that, but I guess I'll start with that and then we can move forward.

Jared - So there's a lot to be said here and a lot to be defined as we go forward. This is a burgeoning market, but over the next five years we anticipate this is $124 billion of opportunity. That's a huge number, you know, of that that we think 32 billion of it could be revenue risk for banks, and that's also a very large number.

Now you ask me, why do we think banks or SME's might go to a Fintech versus their bank and it's to be determined if they fully will or some will, but the suggestion is it certainly we have some risk here, but I think it goes back to a real simple term, simplicity, ease of use, ease of access.

Going back to the comment before, if I'm dialing an 800 number to get a loan, that is certainly a little antiquated, a little slow. If I'm completing my payroll or completing my taxes or I am buying a large piece of equipment for my factory and in that technology flow there is an opportunity to either, build treasury services and payments activity around it or get a loan, then I'm going to do that because it's easy.

I know I'm talking to smart bankers, but I want to go back to something simple. You bought a car at a dealer. Everybody has done that at some point, right? If you get a loan on it, they're like bank 12345. Which one would you like, this one that you've never heard of, that's a quarter point less, yes sure, that will do fine, because that brand loyalty when you get an auto loan, it doesn't really matter? And the question here with embedded finance becomes the same so that becomes some of the threat side of this.

Now this is a complicated topic, there are a lot of different ways to think about this because at the end of the day that's all fine and dandy, but the loan still needs to be regulated, it still needs to have a balance sheet. So, in the short term, there's a huge opportunity for banks to be in the middle of that transaction as the supplying loan as a supplying bank, if you will, for that service. How that plays out over time, and what that relationship looks like is a bit in question in my mind, because certainly in the short term I think these are strange bedfellows. The Fintech's are saying I need the bank and I'm going to figure out how to work with these banks. The Fintech's are saying I need the bank and I'm going to make them compete against each other and I'm going to steal their margin and I'm going to make that less interesting.

On the other side of that, the banks are saying this is a real threat, this is a concern to me. I don't fully understand it, their technology is clearly better than mine, so I'm going to get closer to this so I can figure it out. So that's all that's happening here, but it's a really neat play. There's a lot going on in this space, but it's, you know, to your question before this, this is early, but this is probably the most significant thing we're going to see happening in banking over the next several years.

Chris - I would say if you just looked at what's happening with buy now, pay later in the consumer space, this is just a sliver of an embedded finance, but if you think about the number, the sort of horizontal integration of product companies with financing just on your everyday purchases. I mean, it's not new, furniture stores have been doing this for decades, right? But it's more prevalent than others, and it's more important to Jared's point, it's simpler than others. You can do it with a button click. You can finance that on your phone and that we've seen that creep out of retailing into small business, so this is all coming together in the small business space right now. And it's only a matter of time before it starts to
move upmarket. We've seen these trends before, which is things start in retail with the consumer and gradually creep their way into small business and then into commercial.

So, are we saying you're going to get a $300 million syndicated loan on your phone by pressing a button? No. However, the idea that a small business or even in some cases a medium enterprise could do that, it's not too far off.

Jared - You made a good point around small business and business banking, and I think it's a really important point to reinforce. When we put these trends together, we almost put the rise of small banking, small business banking and decided they sort of bleed across all of these.

So, if you think about the talent, the war for talent, and with that, the lack of historical investment in small businesses, business banking, open banking, and the API strategy, the digital portal capabilities and embedded finance all being kind of threats in this space, all this has to come through this space. Again, we're talking about $124 billion, of which 32 billion at risk in revenue in this space. And when we think about that this is going through SMB banking. This is where it's going to be, small business banking. This is where this risk is, this is an area that's you know gets shopped to the retail side, then it comes back over and reports over the commercial side. It doesn't really have a home, doesn't have a history of heavy investment and heavy transformation.

And now this burden of all these threats sits right in the middle of that space. So how do you build a strategy that says I'm going to shore up my capabilities around my portal so it's at least interesting. And then I'm going to have to make sure I have this capability around APIs, open banking embedded finance, lots going on here.

Danielle - You said we're in the beginning stages of this, can you tell me where you kind of feel where we are, just give the audience a sense of how early we are.

Jared - Well, if I'm a bank, I'm in the reaction mode I would say. If I'm FinTech, I'm maybe in the 3rd or 4th inning and there's a bit of catch up to play.

Chris - The other thing is, we've seen the entrants, I won't name names, of major tech companies, not FinTech's, but major tech, big tech, and frankly, retail companies, retail suppliers starting to move into this space, so it's not just the FinTech's that folks need to watch out for, it's also other industries, this is an industry convergence point.

Danielle - Let's look at our next trend, our 6th trend. Trade finance breaking through the final analog frontier. Jared, I'm going to pass this back to you and let us know what this is about.

Jared - Trade finance is probably as vintage as this upcoming Super Bowl halftime show, right? So very Mary J Blige, Snoop Dogg, all coming out right. The technology fits the 90s in this space more than it does the 2020s and I think there's a lot to be said.

Right so trade finance supply chain finance, this is $3.6 trillion worth of goods and services moving across the planet every year. That's a lot of money, it's $54 billion in revenue across the globe. And when we look at that and we think about historically onboarding KYC, the actual transaction verification process that's a 6-to-12-hour manual process on every transaction today, and it's manual. It is ticking and tying and green screens. And you know, looking at a bill of laden, all these kinds of crazy things that are just as manual as ever. But when I look at this space and I think about what commercial credit looked like six years ago, five years ago, and we saw the advent of technology to help in that space. We see it now, you've got blockchain, you've got Machine learning, you've got the whole data ingestion, all these things are happening that allow this simplicity to come forward. So, we look at this space and say that we are about to break through this last analog frontier in banking. And it's not that anybody has done anything wrong in trade finance, it's just the most complex thing banks do. So now the technology is there, the innovation is here, the Fintechs are all over the space, we're seeing neat capabilities being built all day long. New systems to fundamentally replace and tear out some of the legacy systems we've seen.
So, there's just a ton of opportunity here. It's really exciting and I think that when we look at where banks are going to invest this year and in the coming years, they'll have to here, they're just going to have to because the speed is going to be so important and again, the cost. I remember the bank I used to work at, there were over 600 people that just did the operations around the transactions. 600 people just to do manual quality checks and verification on operations.

Danielle - That's so unbelievable.

Chris - Well, it is, and Jared will add to this. I mean, it's embarrassing where we are from a technology standpoint. I'm on a personal mission to kill the fax machine, for those of you who don't remember what a fax machine is they still exist in trade finance. But that's sad, we are literally still faxing forms back and forth. We've got people signing triplicate forms, the whole grey, pink, yellow forms on documents and that's the embarrassing part and we have the technology to make that better.

You mentioned blockchain, we've been talking about blockchain in banking for a long time, but this is a proven true first use case where you can validate now that the good that the transaction that left the port in Hong Kong and arrived in Los Angeles is the same thing via blockchain. That's huge. And we can get out of all this nonsense of is it the same thing or not, are we counting boxes? The supply chain finance aspect of this is tremendous.

We are seeing folks, and I know your questions are coming so I'm just going to preempt it, which is where are we seeing this right? It's not surprisingly starting out of the Far East right out of Singapore out of Hong Kong and heavy export cities and we're starting to see traction in Western Europe, Northern Europe and the Western US, places that have ports, and that's where it will start. It will start and evolve from places that are heavily dependent upon the import-export business. But we think once that initial wave takes hold, then we'll see the rest of the industry catch up.
factories or power plants, etc. You've got the headquarters, you've got the data centers, and then you've got the branches. So, there's a real opportunity to evolve scope one and scope two.

In the second topic, we get to the inevitable regulatory which is compliance and reporting which is real, it's coming, it's already here in certain countries, particularly in northern Europe, so that is coming. But again, regulatory reporting is something to keep bankers up at night, not gets them out of bed in the morning. So, I think we have a real opportunity to kind of forget that one and move to the third one, which is where it gets interesting, which is where the banks we think can put on the green cape and be the superhero. Which is to leverage your balance sheet as a force for good in the world, whether it's sustainable lending, whether it's thinking about who it is we invest with, who we partner with.

Banks ultimately control the dollar flow through the systems and where the real change happens is on the big dollar transactions. We are already seeing certain banks switch their covenants from being traditional financial covenants to being places where you're judged based upon how well you are meeting your carbon emission targets. I mean, that's not widespread, but it's starting to pilot, and we think that there's a real opportunity to talk about interest rates, to talk about how we price, how we approve, who we partner with, and that banks are in a really unique position to drive forceable change in sustainability.

Danielle - Jared, I want to turn to, you know, the other piece that I liked about kind of ending on sustainability as it kind of brings the trends full circle. Can you talk a little bit about how it can impact talent too?

Jared - Yes, I can but I want to hit one more point before we do that, okay?

Danielle - Sure, yes.

Jared - I want to go back to sustainable lending a little bit. So, we talk about being a superpower, sustainability might be, but it also might be a superfood if you will, right like kale or something.

How green can you get other than kale, but when you think about sustainable lending right? Not only are you doing good for the world, but you're building a whole new revenue stream. So, we're talking about in 2017 this was $5 billion worth of loans. Now it's predicted to be, in the next two to three years, $120 billion in growth. And we're talking about funding transition to green energy, funding factories to move to green manufacturing capabilities. All these things from a legacy environment into this one becomes powerful. So not only is this a do-gooder force in the world but it has real financial consequences for the banks way beyond regulatory rate.

Way beyond you know, feeling you're doing things good for the world, but this is about like the bottom-line results too, and I think that makes it really exciting.

Now back on talent to your question. Certainly, you know as we look at where we are in the world, you know we start at the beginning around talent.

People can work for anyone they want right now, the market is red hot, and our younger generations are more compelled to work at places where their values are seen in the mission.

And I think banks have the opportunity to help their employees see very clearly a direct correlation between how a bank can help the planet and why that's important for them and how they can help make this place better for all of us. It's important as you think about the talent view of it.

Danielle - This new workforce, they really care about their values, and they want to be aligned with the companies they work with for sure.

OK, so let's take some questions from the audience if you guys are good with that, there's a lot of them, and we probably won't get to all of them during this broadcast because of time constraints. So, I will get Chris and Jared everybody's questions, and we will make every effort to try to get them answered. So, with that, let's turn to some of the things that have been submitted to me during the broadcast.
What are the primary roadblocks for adoption given the potential return? This is centered around the customer portal trend.

Chris - It probably factors into the RM trend as well, I mean I think folks are still skeptical, particularly the RM audience. I think there's a healthy dose of skepticism because, as Jared alluded earlier, the CRM tool has been used primarily as a management tool, it's checking my homework type tool, right? You do not get deal credit unless it's in the tool and therefore you must use it and I'm going to check that. We haven't yet shown the value, so we haven't yet, and this goes to the adoption point. It's not just on the RM, it's on the institution to help educate and get folks excited and demonstrate the value of the power that's out there.

And if we think about the portal, I think to tie that to the specific to the portal question. I think it's more around where we are in the evolutionary chain. We went through the initial stand up in 2020 and 2021. It was about usability in 2022. I think it's now past the basics. We're past the fundamentals and much in line with all the trends we've talked about today. It's taking that next step. Jared mentioned that is opening around the foundation is there - The foundation is built and now it's time to expand beyond the foundation and start to do the cool things.

I think now that the legacy infrastructure is out of the way, you've got the new digital infrastructure in place, there's a real opportunity to drive adoption through tangible use cases.

Jared - Now on the portal and customer adoption specifically, I think a couple of things I'd say, one is when you look at your portal, you shouldn't be comparing it against Bank 1234. You need to compare it to what SMBs are interacting with outside of banking. This goes back to this embedded finance play a bit, so you know, comparing yourself to another mediocre portal isn't going to work, so that's not enough. So that becomes a key component of this, how is my portal at least good enough to square off and do basic stuff and not have an eye roll because it's just it's clunky and old becomes a part of this. But, thinking about how those user stories, and that those personas from a real customer point of view, are at the front and center of everything you do. So how am I thinking about how the customer wants to interact with the bank, how do I think about those capabilities? How to make it much more seamless?

All of that becomes important and banks just haven't historically, at least in the SMB commercial corporate space, they haven't spent much time thinking about how their customers interact with technology, so it's a bit of a mind shift to say if I'm going to be good at adoption, I've got to really think about my customer and really spend time thinking about how they interact. How they might interact in the future, how they're interacting with things that are non-banking that have banking implications so all that sort of plays in.

Chris - I've got one client and I know you're on and if you're out there, you'll know who you are. But the first question to ask is what are the other banks doing and to Jared's point? That's not the right question, right? I mean, yes, we can give you the answer, but that's not the right question. The right question is what's Amazon doing? Because frankly, the small businessperson is on the phone, they're buying supplies from Amazon all day.

Danielle - So this next question I think is around the trend of the great technical divide, and the question is historically many banks keep their technology separate from retail to commercial banking. Do we see the trend to merge them together for better technical consolidation benefits?

Jared - I was talking about this last night at dinner with a client who has everything on one side. I think there's a to be determined here, but I think that the complexity of banking has demonstrated to me that one size fits all doesn't work well. I think there must be a bit of a divide in the way commercial and retail work, but banks need to think about how you transition or bring those capabilities through from retail into business banking into commercial and corporate.
My first response to that is they lean towards separate to me if you're going to get full functionality and capability, otherwise, everything is get diluted down as you try and make this monolithic capability that's good for everybody, not great for anything.

Chris - I would say if you took a front to back approach, meaning if you start with the customer view and try to work your way backwards on one technology, you're going to fail. But you can be successful picking an ecosystem. We think about all the banks that are moving infrastructure to the cloud, or that are building ecosystems around Microsoft or around Salesforce. I think there's an opportunity to build an ecosystem core and then have specialized applications that all hinge off the same core and start to bring some of those pieces together on the back end because they're the ones that are the real impediment. It's not the investment in the user interface, it's in the back end.

Danielle - Next question. On some of the themes touched on for the great technical divide. How does that look different as you look across the different client segments based on client sales size, i.e., expectation on capabilities, blending tech self-serve versus still having human bankers?

Jared - Human banker is not going away. Let's just start right there so the human touch is always going to be a differentiator, you're always going to pick up the phone, especially in the upper ends of the market. Small business, maybe not so much but the human element becomes critical, it's a relationship that you built over a period of years that matters. The trust that you have matters, that White Glove service, all of those things matter. I don't believe that in and of itself will be enough to retain your customers if your systems are clunky, if your systems are anywhere close to what we're seeing as the innovation in the marketplace.

Chris - I would say I think to answer that question directly, I don't think it varies that much by segment.

I mean, they're the edges, but I think the middle is consistent whether you're a small bank and medium bank or a big bank, or whether you're a multinational or whether you're a community bank. I don't think the majority of that interaction is an and, to Jared's point, it's human and machine and that's regardless of segment or bank size.

Danielle - An end not an or. Next question as you look ahead to 2022, what is the biggest surprise in terms of how things evolved compared to last year's trends? Sort of what we said in the beginning. It looks different.

Chris - I'll start, I think we get back to #1. I certainly didn't see the whole great resignation. When we were sitting in our houses last year doing this, I think several of these trends like RMs, like portals, even technology, were there in some form or fashion. The talent piece was not, this whole great resignation thing was something certainly didn't see coming and certainly didn't see accelerating. It looked okay last summer, a lot of people quit, but it's the bulk, I mean it's been a snowball, it's still happening, that ball is still rolling. I certainly will be the first to admit, I did not see that one coming.

Jared - I think from my perspective, I think that the fact that everybody, 85% of the audience, is probably sitting at their homes today is a surprise. I think all of us would have said come August if we were rocking and rolling, we're back in the office and I think that's an important point around talent. We like to set this stuff out and give you a big hard list of things to go work on and you're doing it remotely and you're doing it without collaboration and without connectivity. The folks you've hired the last two years haven't met anybody in many of these places in person. All those things are still out there and the challenges and the innovation and the collaboration of being human and being together and thank goodness we're able to do this together here today.
But those things are still lacking. And to me it just stays out there as something that we've got to be able to keep front of our minds. Doing the check-ins with our employees, how are you doing? You know, when was the last time you saw somebody or had a conversation that wasn't so transactional in nature? All that has to be a big piece of how we manage and think about leading, leading more than managing if you will.

Danielle - I want to ask you another question or two and then I want to give you guys an opportunity to give some final thoughts on the questions. The next question, the point about relationship managers and CRM is that about getting the client’s 360 view or the relationship manager dedicated to specific clients for as long as that client is with the bank?

Chris - I think that's missing the point a little bit. I mean, the 360 customer views. I'm like that's been out there for a decade. So, what I would say, I think the point we're trying to make is, let's take the customer in around the context. The context of the industry that they operate, the locale in which they live and work. It's thinking broader than just sort of that transactional nature of the client and all the transactions they have at the bank and saying, how do I start to help that business be successful?

If I think about back to this whole point around banking losing its luster, I mean the message used to be I'm your bank, I'm here to help. Now it's like I'm now in the bank and I'm here to tell you all the reasons why you can't have your money. I think it's about changing that narrative to say, how do I help this industry?

We talked about sustainability as one good tangible example, but there is a lot of it. How do I help you as a business owner grow? How do I help you go from a small business to a medium sized business to a large company? I think banks have an opportunity to do that by focusing on more than just the transaction with the bank and using the data that's available to think more broadly.

Jared - It's a great question there. I think the question reinforces reality versus vision and how disconnected those still are. 360 views of clients are still elusive at many banks, so that's a problem. The vision here is that you are that not only do you have a 360 view, but you have all this contextual information to your point around it. You think about buying patterns, you go buy a new iPhone or a Microsoft phone and you get the “you might like a charger you might like this, you might like that” and these capabilities sitting around an RM to enhance that where you understand specific regionalized market trends in that industry then, or here's what we're seeing these kinds of clients do. Here's some suggestions that you might build your business model. Those things are not far-fetched, and the data is there to begin to build those insights in, and again in a way that it's easy to understand for our RMs and then translate that into really good sales calls.

I think that there's still there's still divide between the reality that we're not even we're close and the reality of this vision that we're starting to see become real and that has to close.

Danielle - So with that I am going to ask you guys before we wrap up if you have any parting thoughts that you want to share with us? Jared, do you have any thoughts there?

Jared - I guess you know in many respects you've been working your tails off for the last five or six years, and you've gotten to the starting line. It might be the way I'd put this; you've built the foundation. The best is really yet to come in this world, and I think capitalizing on this rising rate environment, to put the investment back in, to drive this real transformation enablement, is the most important thing you can be thinking about.

So that's the thing you've got the opportunity to take advantage of a spread environment we've been talking about for 15 years and actually putting it to use in investment. So doing that
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.