



WHITEPAPER

# Are Banks and Credit Unions Really Making The Most Of Technology?



For many mid-size community banks and credit unions, the shift to technology has been slow. While the COVID-19 pandemic forced the hands of many smaller financial institutions, there is a mindset of resistance when it comes to implementing financial technology practices. This often hinders the results that the technology can provide, since bankers try to make the tech fit to their processes rather than the other way around. Learning new methods to do something you've done your entire career can be daunting, but the results for your customers and your institution are worth tackling the learning curve.

One recent study shows that most banks and credit unions that have partnered with fintech firms have either seen moderate gains and some have seen no impact at all<sup>1</sup>. This suggests a greater need to monitor and scale fintech partnerships. This will require financial institutions to distribute more dedicated resources to these partnerships.

**In this paper**, you'll learn about the following:

- ▶ A silo of different processes will never be as efficient
- ▶ Trusting your technology partner to be your guide gives you the best chance for success
- ▶ “We’ve always done it this way” is no longer allowed

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*Rather than looking at how you can adopt the tech to your processes, consider leveraging your technology partners to find out how you can make your processes easier through technology.*

<sup>1</sup> What's Going On in Banking 2021, 2021



# 1

## A Silo of Different Processes Will Never Be As Efficient

When it comes to implementing technology into the branches, many choose to try and piece meal different products and systems together. While you might think you're saving money by only buying certain products from certain vendors, you're most likely losing key integrations that come from having a single solution. What's more, trying to do some pieces manually and other pieces through a software is often clunky at best, leading to missed opportunities or wasted resources. While it might look different than what you're used to, its more important to focus on what it is doing for you rather than how it looks.

According to Cornerstone Advisors<sup>2</sup>, 15% of banks that have partnered with a fintech over the last few years said they've seen a greater than 5% improvement in loan productivity from their fintech partnerships and 13% said fraud losses have dropped by more than 5% as a result of their partnerships. Results are similar for credit unions, where 17% said their fintech partnerships have yielded a better than 5% gain in loan productivity and 15% said deposit account opening productivity improved by more than 5%.

<sup>2</sup> What's Going On in Banking 2021, 2021

## 2

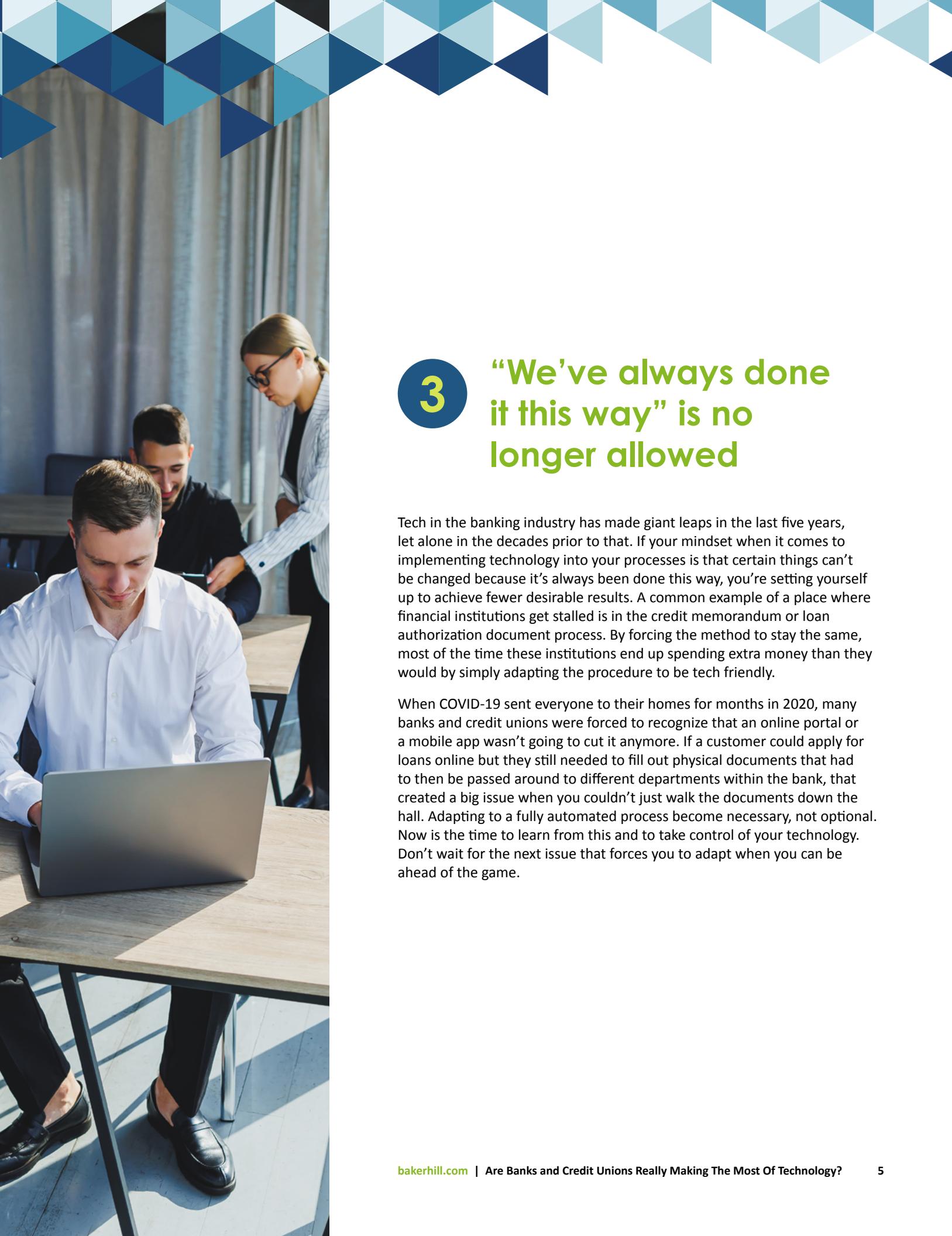
# Trusting your technology partner to be your guide gives you the best chance for success

Financial tech companies are at their best when they have former bankers on their team. By finding a partner that understands what it means to work in a bank and do these processes will ensure that you're getting support from folks that understand what you're trying to do. The key here is to trust them. Too often, banks and credit unions are resistant to the ideas that their technology partners might be able to teach them a more efficient way. Rather than looking at how you can adopt the tech to your processes, consider leveraging your technology partners to find out how you can make your processes easier through technology. When you purchase a solution from a financial technology provider, you're also paying for their expertise. Don't throw your money away.

The most crucial point to consider is that the right technology solution helps banks reduce risk, reduce expenses, and generate revenue. In addition to the dollar amount metrics, one of the biggest benefits will also come in the form of an enhanced user experience. This will be vital when it comes to remaining competitive with the larger banks that are looking to move into areas traditionally held by community institutions (such as small business lending.)

Recent results show that by prioritizing the wrong things to their fintech partnerships, banks and credit unions are missing new revenue opportunities. For example, a recent Cornerstone Advisors survey of U.S. consumers found that roughly 50% of consumers are interested in getting these services such as bill negotiation or subscription management services from their bank or credit union. However, few banks and credit unions were planning to partner with a fintech for these services.





## 3

### **“We’ve always done it this way” is no longer allowed**

Tech in the banking industry has made giant leaps in the last five years, let alone in the decades prior to that. If your mindset when it comes to implementing technology into your processes is that certain things can't be changed because it's always been done this way, you're setting yourself up to achieve fewer desirable results. A common example of a place where financial institutions get stalled is in the credit memorandum or loan authorization document process. By forcing the method to stay the same, most of the time these institutions end up spending extra money than they would by simply adapting the procedure to be tech friendly.

When COVID-19 sent everyone to their homes for months in 2020, many banks and credit unions were forced to recognize that an online portal or a mobile app wasn't going to cut it anymore. If a customer could apply for loans online but they still needed to fill out physical documents that had to then be passed around to different departments within the bank, that created a big issue when you couldn't just walk the documents down the hall. Adapting to a fully automated process became necessary, not optional. Now is the time to learn from this and to take control of your technology. Don't wait for the next issue that forces you to adapt when you can be ahead of the game.

# Ready to Streamline and Simplify Loan Origination?

Built on decades of technology and banking expertise in supporting banks and credit unions as they provide vital resources to their communities, Baker Hill is lending evolved. Baker Hill NextGen® is a configurable, single-platform SaaS solution for commercial, small business, consumer loan origination, and risk management that grows along with you as your business needs change.

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