

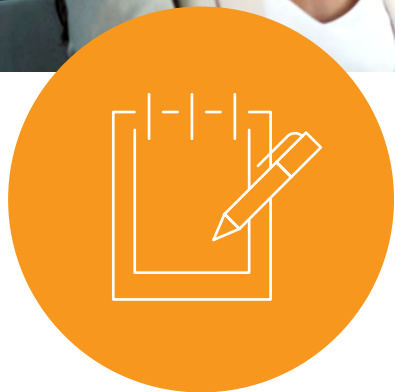
INNOVATION IN BANKING:

Frequently Asked Questions

7 burning questions about **why it matters** and **where to start**

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The word “innovation” means different things in different industries, and even in different functions. Commercial bank leaders hear a lot about innovation, but connecting the dots to top- or bottom-line benefits can be difficult. Lots of questions come up as banking leaders consider how to invest in transforming their institutions.

To help frame your next conversation about innovation in commercial banking, we’ve compiled this list of commonly asked questions, with answers that explain why it matters and where to start.



QUESTION ONE

Isn't digital innovation really just a retail banking trend?

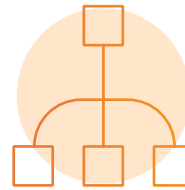
No. Innovation is having an impact on commercial banking right now. The vertical is extremely competitive — margin compression is a long-term trend, and customer loyalty is softening. Commercial bankers need to be forward-thinking to attract and retain clients.

Innovation in banking goes beyond chatbots and mobile banking apps. It can help banks grow revenue and profits. Some examples include:



Leveraging quality data

across the enterprise to help customer-facing roles respond quickly to requests and provide personalized offers and insight



Streamlining back-office transactions to speed up services and customer response



Integrating application programming interfaces (APIs) to give clients access to a wider variety of products and services inside and outside of the bank

The most progressive banks are investing in these capabilities. Their goal?
To give customers more satisfying experiences, which helps banks build loyalty and attract new clients.



QUESTION TWO

We understand it's important, but where is the best place to start with digital innovation?

Start by thinking about how you can best help clients reach their goals. According to Gartner,¹ banks remain focused on providing access to banking staff expertise and to financing, rather than to clients' business outcomes. To change, banks need to use technologies like predictive analytics to help them better align offers and services to clients' goals.

For more information on where to focus your innovation efforts, check out our eBook, [**The New Value-Creation Formula for Commercial Banks.**](#)



QUESTION THREE

Why does customer experience matter so much on the commercial side?

The same people who seek commercial banking loans are accustomed to ordering any product or service they want, whenever they want, with a few taps on their mobile devices. Many bankers already understand the significance of this: In a recent CEB poll, 66% of commercial banking executives said they believe customer experience is a potential competitive advantage.²

Greenwich Associates recently outlined the most important conveniences for commercial banking clients:³



A **single point of contact** assigned to work with their company



Responsiveness of the main contact at the bank



Electronic banking options that simplify day-to-day banking

Banks can improve in these areas as well as other vital client touchpoints. With digital solutions that provide easy and fast access to information, relationship managers can offer insightful options and suggestions to their clients.

² CEB 2017 Commercial Banking Agenda Poll.

³ "Banking in an Era of Consumerized Digital Expectations," Greenwich Associates, 2018.



QUESTION FOUR

Since this involves technology, shouldn't IT lead our digital innovation efforts?

Sales and growth teams have their finger on the pulse of clients' current and future needs, so they must spearhead innovation. IT teams acting alone don't have this perspective. But with the IT team acting as an advisor, sales experts can determine how to leverage technology tools to streamline cumbersome processes and empower relationship managers.



QUESTION FIVE

We keep hearing that we need to leverage our data — but how?

Data is a gold mine waiting to be tapped into and turned into actionable insight. This insight becomes particularly powerful when it can be used in the real-time moment of a customer interaction. It's frustrating for banking customers when transactions and decisions are not instantaneous — that's what they've come to expect elsewhere.

To be able to deliver on what is expected, banks need to apply innovative solutions that move data out of silos and make it available to applications. Those applications need to be powered by machine learning and artificial intelligence so they can deliver the exact answers needed at the right moment in the client relationship.

For example, with a platform that gives bankers immediate insight on ways to structure a deal that works for both sides, bankers can win more deals and build stronger client relationships.





QUESTION SIX

What will digital innovation mean for my relationship managers? Should they be concerned about becoming obsolete?

When relationship managers have access to the type of innovative platform we described in Question No. 5, they are empowered to identify opportunities for better client service and deliver tangible revenue growth. Here's what changes: Instead of forcing relationship managers to work with clunky, outdated tools or waste time on administrative tasks, new technology gives relationship managers both the time and the means to do their jobs better.

This can be clearly seen in how banks are leveraging machine learning and artificial intelligence to innovate. At first glance, many bankers assume this means replacing people with machines. But the smart banks know AI is really about "augmented intelligence," in which machines do what they do best (gathering data and delivering insights), so that humans can do what they do best (using those insights to build strong customer relationships).



QUESTION SEVEN

Why should I make this a priority?

Because banks are missing the boat today. Fintech companies and more nimble competitors will roll over any organization that misses the chance to invest in innovation.

Insight-driven pricing technology is one of several ways that progressive banks are building more profitable, longer-lasting relationships with clients. Helping your bank solve these types of problems can only enhance your career and create more opportunities for you in the future.



Innovate with Purpose

Innovation for its own sake is pointless. Innovation that drives profitability, increases margins, improves customer loyalty, and creates new products and services is integral to the ongoing mission of a commercial bank. When innovation is used productively to transform the bank while supporting clients in achieving business outcomes, both banks and clients win.

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