

DIGITAL BANKING REPORT

Number 294

Digital Banking Transformation Strategies to Withstand Recession (white paper)

Editor/Publisher

[Jim Marous](#), DBR Media, LLC

Issue

June 2022 — DBR 294

Cost: Individual Report: Complimentary; Enterprise-wide License: \$1500
Part of subscription

Size

23 pages, 7 tables/charts

Ordering

Online at <https://www.digitalbankingreport.com/dbr/dbr294>

Email: admin@digitalbankingreport.com

By phone at: +1-216-218-4257

Abstract

The more future-ready your financial institution is, the less likely it will be negatively impacted by economic downturns. Becoming future-ready goes beyond your financial statements. It must include improving your back-office operations, creating differentiated customer experiences, growing your customer base, improving the use of data and analytics to support innovation and marketing, and providing the leadership needed to obtain and retain skilled employees.

While a typical response to a recession is to focus on efficiencies, conserve cash, and put off technology and innovation investments until the business environment improves, these strategies are often counterproductive. Delaying investments in digital banking transformation efforts will most likely backfire as big tech competition and fintech firms with innovative solutions steal market share.

During an economic downturn there are unique marketplace opportunities for those organizations willing to invest strategically. These opportunities include the potential for mergers, acquisitions, alliances, and partnerships that may not have been possible in the past. These can significantly impact both the ability to scale operations at speed and minimize exposure to risk.

An economic downturn will often impact our customers faster and harder than our business. Customers will increasingly look to their financial institution for support of their financial wellness goals. They will expect you to know them, understand them, and reward them for their patronage. Those organizations that can deliver personalized, contextual solutions will reap substantial rewards.

Similar to during the height of the pandemic, marketing will be in the spotlight, needing to find new ways to leverage data, analytics and real-time insights for value-added strategies that set your organization apart from the competition. Trust, transparency, and empathy will need to be central to the overarching brand communication strategy.

Financial institutions must look beyond the strategies used in past recessions. With changed customer expectations, an accelerated pace of change, and more nimble competition, banks and credit unions cannot rely on old business models and legacy strategies to remain profitable and future-ready. More than ever, financial institutions must embrace the changes instead of avoiding it or retreating.

More than ever, financial institutions must have a 'challenger mindset', building solutions that keep the organization moving forward. Remember, economic downturns are temporary – whereas winning financial institutions are permanent.

This white paper, sponsored by [Q2](#), explores the opportunities presented during times of economic downturns. This analysis uses insights collected from financial institutions globally combined with insights from third-party organizations. We are also very appreciative of the contribution from [Ron Shevlin](#), from Cornerstone Advisors, who contributed valuable insights around ways organizations of all sizes can position themselves for a stronger future.



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