

Reimagining Banking During and After COVID-19

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The banking industry was much stronger before COVID-19 than before the financial crisis of 2008. However, the need for different strategies around marketing, innovation and digital banking was clear well before the pandemic hit. The question becomes whether financial institutions will remain committed to new banking models post-crisis?

By **Jim Marous**, Co-Publisher of **The Financial Brand**, Owner/CEO of the **Digital Banking Report** and host of the **Banking Transformed** podcast.

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Before COVID-19, the banking industry was experiencing an unprecedented period of growth and prosperity. Despite increasing consumer expectations and increased competition from nontraditional financial institutions, most banks and credit unions were stronger than at any period since the financial crisis of 2008.

In a matter of only a few weeks, the world of banking has experienced a level of disruption that will change everything that had been the norm in financial services. There has not only been a major change in the way financial institutions conduct business, but in the way employees do their work and the way consumers manage their finances.

Banks and credit unions must use this time of disruption to consider reinventing themselves from the inside out. It is a time when we need to better understand the way consumers expect their financial institution to support their financial needs. This includes the way banks and credit unions use data, AI, technology and human resources to impact marketing, innovation and the digital delivery of products and services.

Some organizations may retrench and try to save costs because of the financial stress that results from the massive shutdowns caused by COVID-19. Other organizations will go beyond looking for efficiencies to create completely new business models that will impact all components of performance. Right now, there is an opportunity to reevaluate how technology, insight and analytics can accelerate the future growth and competitiveness of financial institutions globally. To move forward will require a new perspective from most C-suites regarding priorities and deployment of resources.

To better understand the impact of COVID-19 on financial services, we interviewed three senior executives on the **Banking Transformed** podcast. Each executive discussed where banking was before the coronavirus crisis and the impact recent events will have on the future of marketing, innovation and digital delivery. Our guests for our “**Banking Responds to COVID-19**” series were:



- **Rohit Mahna** – SVP of Financial Services, **Salesforce**
- **Jeremy Balkin** – Director of Innovation, **HSBC**
- **Jamie Warder** – Head of Digital, **KeyBank**

A portion of each interview is provided below. The complete interview is available on The Financial Brand [website](#) or can be downloaded on your favorite podcast app.

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Connecting, Informing and Engaging with Activity-Based Marketing

Marketing During Times of Disruptive Change

The marketing profession has moved from art to science, with the use of new technologies powered by artificial intelligence (AI), a high level of personalization, and real-time communication only dreamed of in the past. But, how does marketing change during a time of economic crisis like we are facing with COVID-19?

As opposed to using marketing to sell products, how can marketing be leveraged to help customers manage their finances and provide support during difficult times? Where speed, tone and clarity of communication is of utmost importance, how can financial institutions help consumers use channels they may be unfamiliar with and proactively provide financial solutions they may be unaware of?

Salesforce's Rohit Mahna provides an insider's perspective on how financial institutions can use data and advanced analytics to meet consumer needs while building brand loyalty. We discussed how organizations can combine empathy with solution-based marketing, moving transactions to digital channels while remaining agile during turbulent times.

Listen to complete Rohit Mahna Podcast

In times of crisis, what is the first thing financial institutions should do from a communications perspective?

Rohit Mahna: The first thing banks and credit unions need to do is reach out and touch consumers in a way that shows that they genuinely care. Whenever there's uncertainty, people are always looking for some advice ... they're looking for some help. Customers are looking for a constant level of engagement, constant level of updates, and education on what they should do.

How important is personalization during COVID-19?

Rohit Mahna: This has kind of been the paradox of marketers forever. How do you do one to one marketing at scale. In this situation, you could say it's even more important. Knowing that one client is elderly and always uses a branch is different from the digital consumer who never visits the branch, or the small business owner who has had to close their business. Kind of like KYC plus plus.

We're seeing many banks realizing we need to accelerate the notion of representing customers across the entire organization – the 360 customer view. I'm hoping out of these challenges we're experiencing that we'll see the industry accelerate things that we've been talking about for a long time.



Should organizations communicate proactively?

Rohit Mahna: The whole concept of personalization – really understanding who the customer is – requires not only understanding what their needs are, but proactively reaching out to them. Don't just send them generic emails. Send solutions that are going to have a real impact on people's needs today.

Is this an opportunity to expand relationships?

Rohit Mahna: You can't be selling. This is tough for our industry because it's always about the product. This is the one time when you have to take a step back and say, 'this is not about the product, this is about the household or this is about the small business'. Right now, it is about understanding what the exposure is for each customer. How can we help them with that? If we do well by the customer, they will bring more of their business to us in the future when times are better.

Do you see a role for content marketing during this crisis?

Rohit Mahna: I think there's going to be a revolution around how organizations deliver content. How do you deliver content in a hyper-personalized way? How do you deliver content that maybe is 'off platform', such as delivering content around financial wellness and education? I think it's an incredible opportunity for banks, credit unions or anyone in financial services.

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- [The Impact of Coronavirus on Financial Marketing](#)
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- [Managing Your Bank's COVID-19 Communications in Social Media](#)

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Getting Back to Banking

Organizations Must Double Down on Innovation Now

The push for digital banking amid the growing emphasis on COVID-19 social distancing has put a spotlight on those organizations that have lagged behind the marketplace with digital delivery and digital transformation. But can laggard organizations pick up the pace when the rest of the world grinds to a halt?

We are faced with a unique time in banking where organizations that have invested in advanced analytics, innovation and digital transformation have the opportunity to leverage their customer experience and digital product advantages more than ever.

To discuss how organizations should prioritize innovation during COVID-19, we interviewed Jeremy Balkin. Jeremy not only is the head of innovation at HSBC, but also the author of two books, '[Investing with Impact: Why Finance is a Force for Good](#)', and '[Millennialization of Everything: How to Win When Millennials Rule the World](#)'. During our interview, Jeremy not only discusses the importance of innovation during times of disruption but how organizations can go further to transform businesses through the innovation process.

[Listen to complete Jeremy Balkin Podcast](#)

What are the opportunities and challenges regarding innovation during a crisis?

Jeremy Balkin: The circumstances that we're in currently prove – certainly for anyone that's still unsure or skeptical about the value of innovation and renewal and building resilience – that innovation is no longer nice to have, it's a must have. And those who recognize the power of innovating successfully, not only having a strategy, but executing on that strategy, will be the winners. It must be part of the DNA of any organization, regardless of the environmental challenges.

What has changed about your innovation agenda since COVID-19?

Jeremy Balkin: "In terms of innovation during COVID-19, we've got to triple down. This is the time we've got to go full steam ahead, because it's during times of uncertainty that the biggest advances can be made. While people may be thinking about how to slow down, that's the time to go even faster because more is being asked of us, not less."

What should an organization do if they do not have a strong innovation culture?

Jeremy Balkin: Do something with nothing. Some of our most successful projects have been no cost pilots. They started off with essentially small or no resources, then getting something quick and dirty to an MVP stage by letting that pilot play out. If the pilot's been successful, then you get the resources to tweak, modify and scale.

Don't let lack of resources or the perception of lack of resources be an excuse. If anything, to separate the winners from the losers when it comes to innovation, the true innovators in any industry are those who are gritty, who are resilient and resourceful. This is the time to separate the best from the rest.



Is most innovation built around the customer experience?

Jeremy Balkin: When you talk about customer experience, I believe that we have two customers. We have the customer who comes in every day or every other day and pays us money for a service or a product – our external customer. But we also have an internal customer ... our people, our employees, our managers. We have to be listening to the internal customer because there's a virtuous cycle between happy, productive employees, and delivering an awesome customer experience.

If you get one part of that equation wrong, it breaks the whole mold and the whole cycle. You can't do one successfully without the other. It's not a sustainable solution.

What will innovation look like post COVID-19?

Jeremy Balkin: I've got no doubt that on the back end of the crisis – depending on how long this goes for and what the economic outcomes are – there will be a ton of 'transformation' efforts. But if these are nothing more than cost-cutting initiatives, it builds more skepticism and cynicism from customers, employees and shareholders. The mission should be to build new, resilient, innovative businesses.

Is there an opportunity to do more 'innovation for good' vs. 'innovation for profit'?

Jeremy Balkin: I think it's incumbent upon us as an industry to be the change, to shine the light, to show how and why banks and credit unions have a social contract with the community. We need to play the role as the guardianship of trust. Because at the end of the day, banking is a metaphor for trust in society.

Now is the time to demonstrate why and how banks must be at the frontline of that financial stewardship for individuals, families, small businesses, non-profits, etc. If you want to change the culture, you need to change your people and bring in more good people and get the bad people out.

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COVID-19 Will Change the Way People Bank Forever

The number of bank branches and the number of people visiting bank branches has been decreasing for years. As a result of the COVID-19 crisis, many organizations have closed branches completely, while others have reverted to auto teller operations.

Could the coronavirus create a shift in behavior, as people are forced to bank online or on their mobile devices? More importantly, as consumers get more comfortable, and find that managing their money digitally is easier and safer, will they stop visiting their bank branch altogether ... even after the pandemic ends?

We reached out to [Jamie Warder](#), EVP and head of digital banking at [KeyBank](#) to get an understanding of the way KeyBank is shifting to become a 'digital bank', while still supporting traditional channels. We also inquired as to how KeyBank is responding to the coronavirus pandemic.

[Listen to complete Jamie Warder Podcast](#)

Is the COVID-19 Crisis an opportunity to 'double down' on digital solutions?

Jamie Warder: We were already planning to increase investment every year because we just think our clients are demanding it. So I wouldn't say the crisis is driving that for Key in particular. It's more good old-fashioned response to client behavior. This crisis highlights how important digital capabilities and products are, and how important speed and seamless integration are. But, I think we need to ask ourselves, as an industry, are we moving fast enough?

Do you think the current crisis will lead to a significant reduction of branches?

Jamie Warder: It wouldn't surprise me if we continued to thoughtfully consolidate branches, certainly doing so with our commitment to the regulators and our commitment to our communities in mind. I don't think they're going away. I think they still play important roles from an advice perspective, from a complex transaction perspective. But I do think what a branch does today will continue to morph and become more digitized.

How should organizations 'become digital'?

Jamie Warder: I think you can start from what is the ideal customer experience and figure out how to digitize that ideal customer experience. Unfortunately, as an industry, I feel like all too often we do the opposite. We sometimes start with our existing process and our existing technology stack, and then we try to put the client experience on top of that. The second way is definitely sub-optimal.



What is the biggest challenge converting to a 'digital bank'?

Jamie Warder: I think it starts with talent. I believe you just need a different type of talent or more talent with progressive competencies, such as full stack engineers who can think about the entire technology stack and think about unique ways to build solutions around the technology stack. You need designers also.

We're talking about human centered design where designers are trained in being able to talk to customers and understand deeply what their needs are and understand their behaviors and watch eye movements and all of those things. Then of course, you have to mix that with people who understand the business, because we're still in a business ... we still have shareholders to think about.

Then there is the need to have speed and agile delivery. Gone are the days where you can put out a release once a quarter or twice a year.

Do you believe it is better to partner with fintech organizations or build digital solutions from within?

Jamie Warder: We have a wonderful approach to fintechs and partnerships. We take a three pronged approach to fintechs. So prong one is, just partnering with them and integrating their capabilities into our offering.

The second prong is where we do the same thing, but we invest in them and help them with a roadmap. They'll remain independent, but we'll actually infuse equity into them and we'll own them. Then finally, Key has been pretty progressive, and we will continue to be pretty progressive, on the M&A front where we've done straight out acquisitions.

We think at times it makes sense for us to just build it on our own and we're certainly willing and able to do that. But then there are other times where this integrating, doing an equity, or flat-out acquisition might make sense. We just think having that portfolio and building muscle around all of those is maybe the right way to think about the partnerships ahead.

The Path Forward

Eventually, the coronavirus pandemic will subside to allow for the 'new normal'. In the meantime, there is an opportunity to learn from the consumer and employee alike. For many organizations, there will be new opportunities spawned by innovations tested, marketing models adjusted and delivery networks transformed. The extent of these changes will depend on the length of time of the COVID-19 crisis and the sense of urgency of each institution. There will definitely be major winners and some losers that result from this unexpected disruption of business.

Jim Marous is co-publisher of **The Financial Brand**, host of the **Banking Transformed** podcast and owner/CEO of the **Digital Banking Report**, a subscription-based publication that provides deep insights into the digitization of banking, with over 200 reports in the digital [archive](#) available to subscribers. You can follow Jim on [Twitter](#) and [LinkedIn](#), or visit his [professional website](#).



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