

## Retail Digital Relevance In Banking

By Hugh Patterson

What do Sears, Radio Shack and Toys-R-Us have in common? The answer is that they failed to understand the need to become digitally relevant. They thought that customers would continue to come in their doors because they were unique. In the case of Sears, since 1893, if Americans needed anything from socks to curtains, appliances to tools, they picked up the Sears catalog and ordered these items by telephone. A few weeks later, the merchandise was delivered to their door. Sound anything like another retailer you may have ordered from lately? In less than 24 years we have seen Sears slowly fade away and Amazon become one on the largest retailers on the planet. But how can this be? Don't they basically offer the same service? The cold reality is that Sears failed to become digitally relevant and now you can purchase a Kenmore appliance online, at Amazon.com.

Digital relevance in banking is very real and, just like in the retail world, it is a game changer in the banking world. To many digital users, digital relevance in finance means contributing to social responsibility, facilitating money movement and helping with money management. Basically, touching those individuals who feel that they are out of touch with banks and credit unions. Opening and servicing deposit accounts, facilitating payments, transferring money, making consumer and mortgage loans, retirement planning, and financial counseling are all being done on mobile devices today. Some of these mobile apps only indirectly involve financial institutions. Being digitally relevant means more than simply having a great online banking solution and a stellar mobile app. It means strategically thinking, planning and building a digital relationship with your customers. The statistics portal Statista estimates that there will be over 270 million mobile phone users in the United States by the end of 2018. While some of these people are indeed walking through the doors of your branch, there are a few million more who could be your customer because they live and bank in the digital world.

In the past, financial institutions were fine with waiting for others to be early adopters of technology. Costs, regulatory risks and reputation risks associated with purchase of the latest technology solutions, along with the internal pain of being the "beta" user made that a viable strategy. That is, when the early adopters were the financial institutions down the street. This is no longer the case. The early adopters are now the Amazon's of the world and they are moving at the speed of light. The only real question; is it too late to re-invent your customer's digital experience?

Financial institutions must start strategically thinking digital first and ultimately digital only. Your mobile and online solutions are now the face of your financial institution. If your current mobile/online banking provider cannot enable you to start anticipating your customer's needs and prompting a solution, then you need to determine if that functionality is on their short-term development roadmap. If they are not moving in that direction, start looking for technology partners who are there.

Some key questions that you should be asking immediately; is your financial institution using social media and if so, are you using that platform to promote your online and mobile solutions? Does your retail branch staff promote the use of digital retail solutions at every point of customer contact? Do your employees use your digital solutions? Is your organization thinking digital first in every aspect of the customer experience?

It took Sears 125 years to become largely irrelevant in the retail world. It took Amazon only 24 years to become the retail gold standard for digital commerce. For 20 years, PayPal has been showing users that they do not need to pass transactions through their financial institution to transact business. Over the past 10 years Venmo has re-engineered the way that money moves from one person to another and in a little over one year, Zelle has changed the way that both person to person and person to business transactions are processed. How much time do traditional financial institutions have before digitally relevant competitors place us in the same category as Sears, Radio Shack and Toys-R-Us?

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