Commercial Banking Executive Circle

Meeting Highlights: Spring 2019

The Evolution of Commercial Banking: Strategies for the Digital Era

This April/ May, your peers met in Toronto to discuss:

The Growth Mandate

- Deposit gathering continues to be a challenge for most banks as the top 5 banks are securing the majority of deposits. Strategies to overcome this include sales force training, increasing focus on industry specialization, and educating clients regarding options to optimize their banking relationship.

- Credit teams continue to be fearful of a recession, while many business leaders believe that a recession would prove the strength of the bank to customers and cull weaker alternative providers. Demonstrating long term loyalty to customers in downturn is a focus for many banks.

- Readiness plans are a tool created by lending units to define strategies to execute in different economic situations and which can help ease internal anxiety regarding the implications of recession.

Innovations in Commercial Banking

- Most banks use some form of RPA to automate manual or redundant tasks. The cost savings associated with RPA are dwindling at some firms and straight through processing is still the focus of automation initiatives.

- Payments data provides the ability to generate a wealth of insight for customers that can be used to serve them better and grow the relationship, however talent and technology prevent this from being realized at many institutions: talent is not skilled at having in-depth payment and working capital discussions, and technology has not been optimized to deliver insight to users readily.

- Unstructured data is being used increasingly in some banks to predict delinquent accounts or other behaviors. The technology used for this is from acquired AI firms or partners.

- Solving for specific pain points not entire problems, is how many fintechs have been successful, and the banks should consider this approach to become more agile in product development and delivery to address time to market concerns, and reduce competitive threats.

The Execution Imperative

- Execution hinges upon having the right talent in place though many firms face challenges in recruiting and retaining the next generation of bankers. A clear value proposition coupled with career planning and training are necessary to overcome the challenges.

- There is a dearth of formal credit training in the industry, the effects of which will be felt if there is an economic downturn.

Learn more
Phone: 1 866 913 6450
Email: FS.Support@gartner.com
Web: gartner.com/en/industries/financial-services