Realizing the Vision of the Modern Banker

By Mike Wolfel
CEO, Savana

Intro: A Critical Moment for FIs

For the last two decades, U.S. banks have collectively spent hundreds of billions of dollars on technology, with a significant portion targeted at improving self-service and digital customer experiences. However, an underlying problem emerged behind the scenes as institutions mixed and matched a disjointed array of solutions to antiquated cores in an effort to present a unified front-end experience. Instead of unifying, these solutions have created a multitude of process and technology silos for banks – hampering both operational efficiency and the customer experience alike. Systems that house different product lines and services (deposit accounts, credit cards, mortgages, etc.) do not communicate well with each other, and in the end, bankers have been left not fully enabled to assist customers when it matters most. On top of this, the potential of the bank's digital channel investment falls short of delivering on its promise of exceptional, modern customer experiences.

We at Savana recognized this growing issue over a decade ago when we started building bespoke workflow solutions stitching together the various product lines and disconnected systems to help bankers serve their customers better. We believe that this issue of disjointed systems for banks will only be magnified as we march towards a future that requires better connectivity and cohesiveness when it comes to the technology infrastructure.

What the banking industry needs today in the push for true modernization is orchestration technology that that is both channel and core-agnostic. We believe that this layer is crucial in helping to drive consistent experiences and processes across both customer-assisted and self-service channels. The technology unifies systems from the core to customer channels while orchestrating and automating bank processes, communication, and everything in between, so that all channels can leverage them consistently. The end result is that the bank employee can better do their job assisting customers should problems arise, while those customers have a consistent and overall better banking experience whether they are engaging via digital or human channels of the bank.

There is an abundance of opportunity for financial institutions that take the bold step to reoperationalize themselves from the inside-out. This means eliminating silos, empowering its employees, and delivering an exceptional, truly frictionless experience to its customers across all channels – a vision that has been long written about, but few have actually achieved at any scale.

At Savana, we believe that the platform we have built today is going to be the enabler for financial institutions to seize that opportunity and truly future-proof themselves for the next generation of banking.

1. How We Got Here

Spending on Tech has Become Decoupled from ROI

Whether it's ATMs, kiosks, or digital banking experiences, most banks have invested the necessary funds to keep pace with evolving consumer expectations.

The amount of investment in technology over the last two decades is noteworthy, but signals a plateau in terms of ROI. Insider Intelligence predicts that in 2023, U.S. banks will spend nearly $93 billon on IT and tech expenses, up from $85.5 billion in 2022. However, the majority of that spend is allocated to maintaining current systems.

This spending has introduced a new problem into banks. A variety of disparate systems has made it difficult for the bank employee to be efficient at their jobs. If bank executives today take a step back to analyze their middle and back-office operations, most of them will find a mishmash of different systems that were designed for specific activities and creates the disjointed, siloed, and multi-system operating desktop put in front of bankers when dealing with customer inquiries.
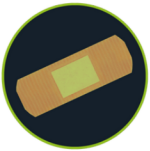
An Over-Reliance on Core Systems

A bank's core system, most of which is often based on antiquated technology, is meant to mainly act as a ledger that tracks tasks like account balances, transactions and interest posting.

But what has happened over the years, particularly in the last decade, is that banks are using many different systems to serve the customer. However, this has caused chaos behind the scenes as banks are essentially using band-aids to keep systems running smoothly. For example, today's antiquated cores have made it difficult for banks to integrate other tools, like a CRM. This has led to the creation of systems that still require manual involvement and multiple systems to service the customer without the automation or integration that comes with the orchestration layer.

Traditionally, banking cores did provide some of the unification we alluded to previously. However, through no fault of their own, legacy cores continue to fall behind, even with the assistance of outside tech vendors. This is happening because banks have unnaturally extended the core's capabilities beyond their primary purpose of acting as a ledger system for various transactions.

To be sure, cores have advanced over the years. And the bank customer experience is better today than it was in the past. The problem, however, is inside the bank and behind the scenes. Banks have augmented the cores with external systems and point solutions, but have not done so in a way that is well integrated across the board. This creates siloes and manual process requirements.

Where the Industry Stands Today

The innovations embraced by the banking industry were needed, but they ended up leaving the people running the bank at a disadvantage when servicing the customer. For example, the combination of disjointed systems means a simple address change has middle and back-office bank employees juggling between multiple open tabs and screens to service a customer request. And that's just one of most simple examples. While more advanced technology was supposed to provide a more unified front-end experience for the customer, it's become a barrier for better banking from the bank's perspective.

2. How to Solve for the Problems of Today (with an eye towards tomorrow)

True transformation requires a new mindset focused on orchestration from the inside-out

The banking industry needs to rethink its definition of what it means to digitally transform the customer experience. There's more to the concept than new mobile and online banking capabilities such as digital account opening, or a P2P payment function.

For Savana, the starting point begins at the operational layer of the bank. While the front-end experience is important for customers (and the employees that assist them), how the banks bring together various processes across channels is vital. Without that, true automation is a pie-in-the-sky idea that can never truly come to fruition. The implementation of the orchestration layer ultimately improves the customer experience.

We mentioned previously the change-of-address dilemma, which is a simple transaction action on the surface. But if a bank's operational layer is in constant flux because of disjointed systems, they must continue to rely on error prone, manual processes on the backend.

Banker Experience

Consumer Experience

3
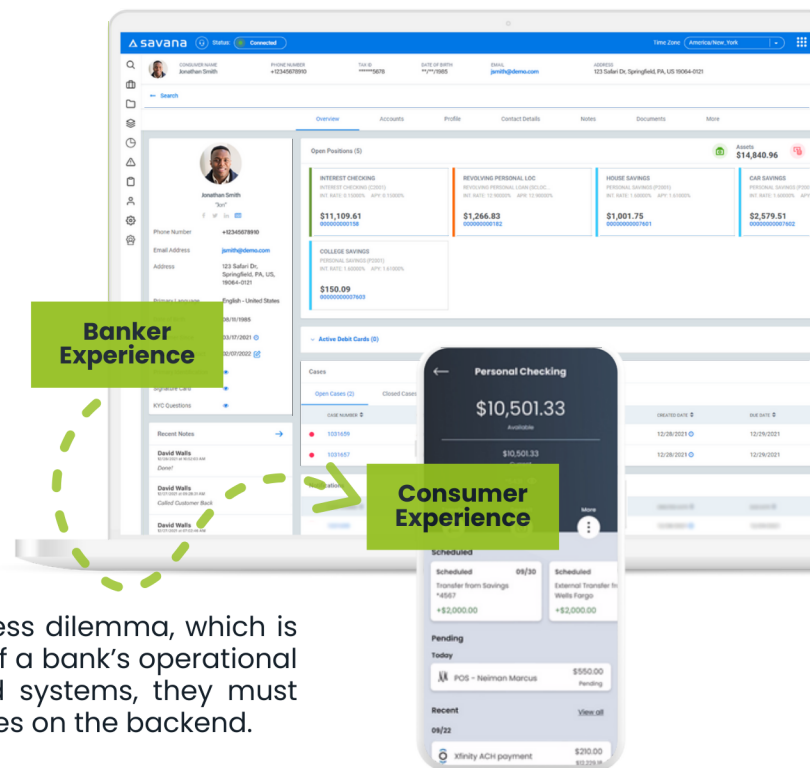
The Call-Center Use Case: Change of Address

A change-of-address is a common, simple request with complex steps to execute when there are multiple systems of record. What's changed in one place also needs to be changed for the customer's bank-issued credit card, mortgage, etc.

In an ideal scenario, the customer never interacts with a bank employee for a change-of-address. The orchestration layer implemented brings together any disparate systems a bank might incorporate for this one task and helps to

keep the customer in the self-service channel. What's changed in one system is automatically modified throughout all the bank's systems as required. Instead of the customer receiving several letters about an address change, in the end they receive one confirmation of the transaction via email or text.

If manual intervention is needed, the orchestration layer present will help the bank employee be more efficient at their job. A single platform that unifies these different systems gives the call center employee a single panel view of the customer. It also enables the banker to enter the address change in one place, which then automates the changes in other areas along with validation, standardization, fraud checks, notifications, and documentation.

Omnichannel Optimization Requires Creating Consistency Across Channel Boundaries

The call center is just one sliver of a bank's overall operations. The orchestration layer brings a commonality to all systems, whether digital or in-branch. That helps to break down the silos so that there is consistency across the various channels bank customers may chose to use at any given time.

The largest banks for years have promised their customers the ability to start more complicated transactions online, and then seamlessly finish them in the branch or via the call center if needed. But what we're seeing at most institutions is inconsistency when customers interact with their bank in-branch versus through a mobile/online device. There is a need for visibility and actions available from bank assisted to customer self-service channels. Banks often are still blind to actions performed or started by the customer in siloed front-end channels.

A single, unified platform is the result of the orchestration layer and can provide both the banker and the customer a consistent experience across the board. If a customer begins a loan application online and hits a snag, they should be able to pick it up right where they left off when they visit a branch or call the bank for assistance. The single, unified platform satisfies and enables the customer and banker with the power to access all service resources in the same way no matter what the channel. This, in turn, strengthens the overall digital experience banks today are seeking to perfect.

WOODFOREST® NATIONAL BANK

Savana has been working with Woodforest National Bank to support them throughout its full technology stack conversion, helping them unify its departments and service channels through a single digital delivery platform enabling back-office and front-office teams to support all customer and product needs on any channel with speed and consistency.

"

By partnering with Savana, we are doubling down on delivering truly frictionless customer experiences. The platform will enable us to bring our departments together and standardize workflows across the organization - taking Woodforest's frictionless 'universal banker' experience to the next level.

"

Richard Ferrara
EVP and CIO of WoodForest National Bank

3. The Way Forward

Our Future Vision for the Banking/Fintech Industry

The banking industry's mindset is beginning to change about how disjointed bank systems cause more problems in the long run.

We believe the industry can solve the problem and drive innovation, but now it must be driven from within operational framework of the bank. We must eliminate the toggling between a multitude of disparate servicing applications, and empower the people that drive the bank to use the full potential of the innovations banks have invested in over the last two decades.

What does this look like from Savana's perspective?

- We reoperationalize the bank by making common processes that extend across channels and core systems. Through re-usable process API's, whether it's the branch, mobile app, call center, or back office. Savana can act as a digital accelerator on behalf of the bank.

- Our platform can plug into a bank's active components, enabling the institution's systems to act as one unit. This creates better communication across systems and enables the banker to better service customers for all tasks.

Future Trends Emerging

We see three key trends emerging that will have the biggest impact on where the banking industry is going, and how our technology can help financial institutions meet that need.

1	**Continued growth and maturity of BaaS / Consumer Fintech**	Consumers continually are demanding more embedded finance features in their interactions with brands of all sizes and this will represent a growth opportunity for BaaS and those companies that operate outside their own virtual walls.
2	**Core replacement will not be a hard necessity for digital transformation**	Complexities stemming from core systems extended beyond the scope of their intended functionality will not equate to a need to replace the core in every scenario. For banks using open cores with an API-first strategy; continuing to integrate modern, prescriptive technology solutions will remain a practical transformation strategy over core replacement.
3	**AI for assisted servicing, financial management, product and more**	Generative AI is the latest trend to catch bankers' eyes and we're already seeing large institutions move forward with initiatives related to this emerging technology.

While these technologies and strategies have the potential to help banks build and launch better products and services for their customers, they also have the potential to create new operational siloes for many banks. Additional siloes will limit the value of funds invested in new systems, as well as the bank's ability to leverage these systems to their fullest potential. Savana's core-to-customer orchestration technology provides a better foundation for these future technologies to function and enables the bank to operate as a single, unified platform.

Final Thoughts

The "360-degree view of the customer" has become a cliché in thought leadership circles across the financial services industry. But for all of the bluster, it has not yet been realized in any substantial way for the reasons we've outlined in this paper. The chasm that exists between the back-office systems (and the employees that run them) and the customer-facing channels has grown to become the biggest obstacle for banks to deliver a truly modern banking experience.

We at Savana envision a future where banks can realize the full potential of the technology in which they've invested to deliver a consistent, seamless experience for customers and employees alike. And we're proud to say that we're leading the charge in turning the vision of the modern bank into a reality by introducing that critical orchestration layer that can reoperationalize and reposition the bank to better serve the needs of the customer now, and in the future.