



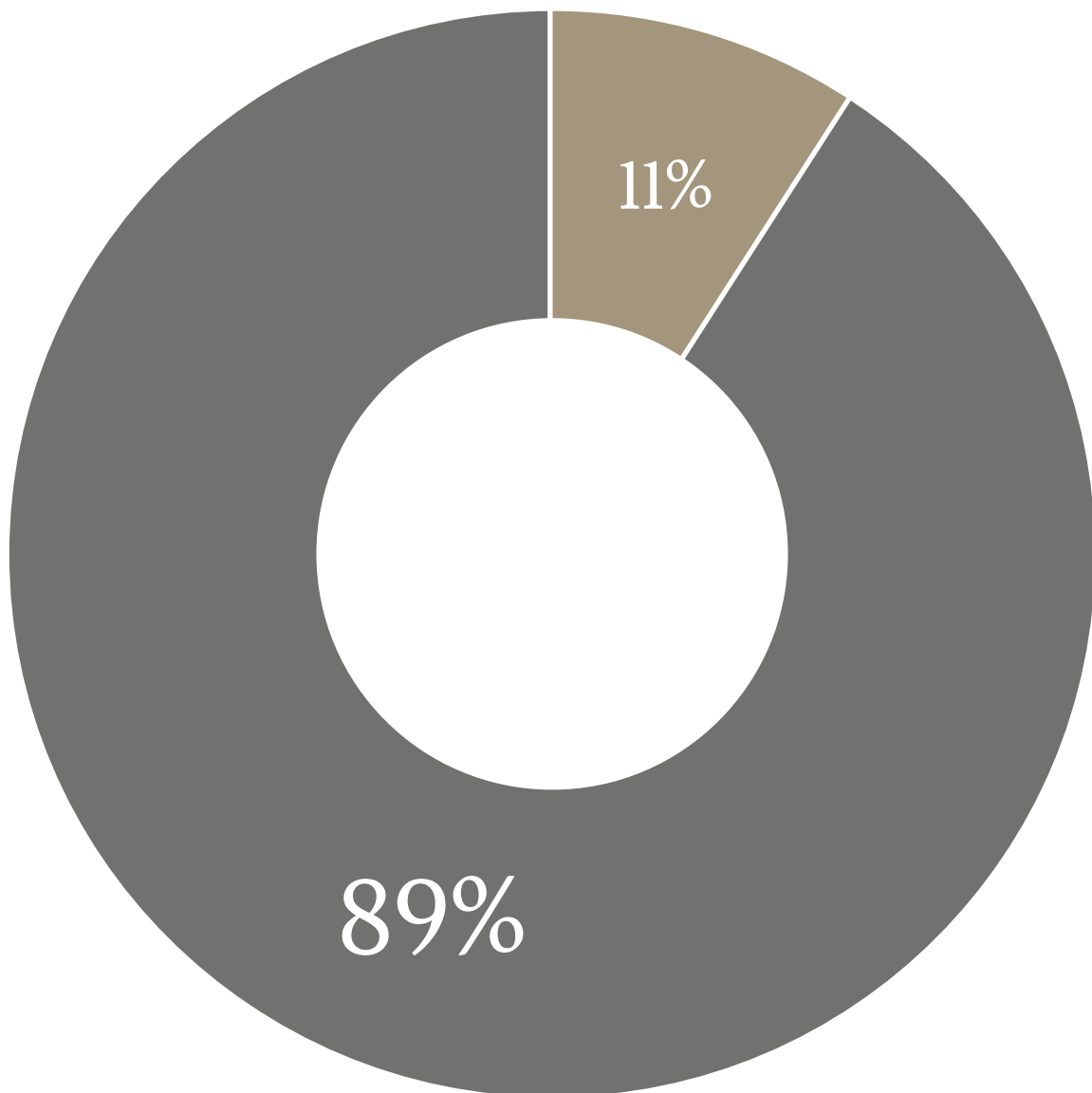
Inside the Boardroom

A Benchmarking Report on Strategic
Planning for Bankers

ABOUT THE SURVEY

As we approach strategic planning and budgeting season, it's time to start thinking about your initiatives for the upcoming year that will help you stay relevant in today's competitive financial industry. To get a pulse on expected objectives and to better understand their planning systems, we surveyed 150 financial institution executives. Dive into the data and gain insights to help you create the perfect plan for a bountiful year.

Who Participated?



● Credit Unions

● Banks

Total respondents = 150

Asset Size

35%



Less than \$100 MM

17%



\$100 MM - \$249 MM

13%



\$250 MM - \$499 MM

13%



\$500 MM - \$999 MM

19%



\$1 B - \$5 B

3%



More than \$5 B

Account Holders

41%



Less than 10,000 accounts

32%



10,000 - 49,999 accounts

12%



50,000 - 99,999 accounts

11%



100,000 - 399,999 accounts

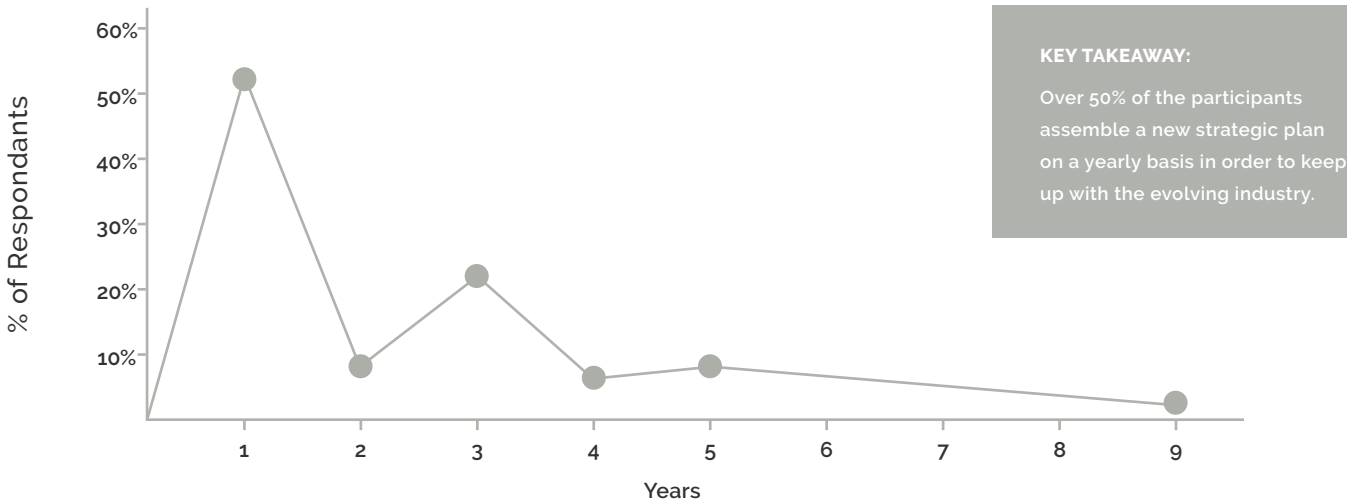
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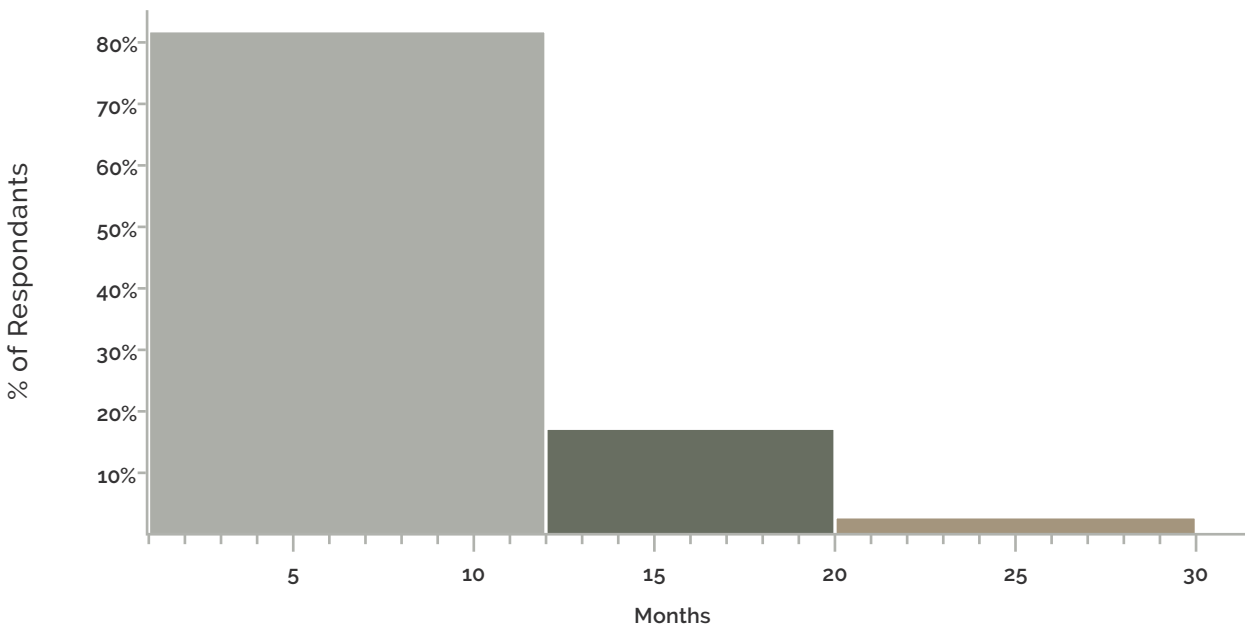
More than 400,000 accounts

HOW OFTEN DO FINANCIAL INSTITUTIONS PLAN?

Most experts agree that the duration of a plan shouldn't be matched to a pre-set calendar. Recommendations for the right strategic plan vary, but typically range between 12 months and three years (The Financial Brand).

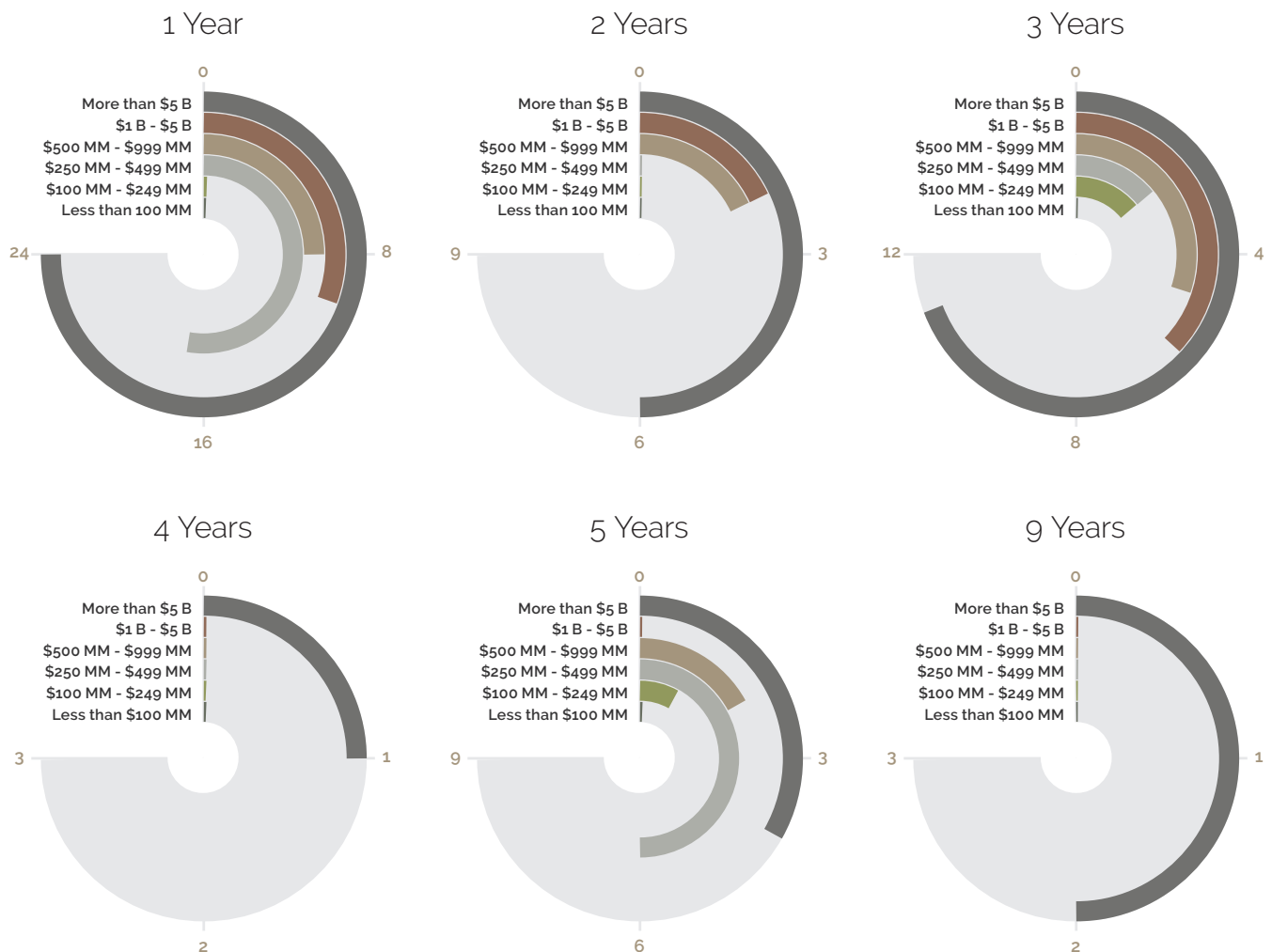


How Many Months in Advance do FIs start their planning?



How Often Strategic Plans are Created Broken Down By Asset Size

After taking a look at how often FIs are strategically planning, we took it a step further and analyzed the relationship between how often strategic plans are created within these financial institutions and their asset size.



KEY TAKEAWAY:

Most financial institutions that are on the smaller to average asset size are strategically planning either every year or every 3 years. It's also important to note that financial institutions with larger asset size (more than \$5B) answered that they update their strategic plans every 9 years. Why is this?

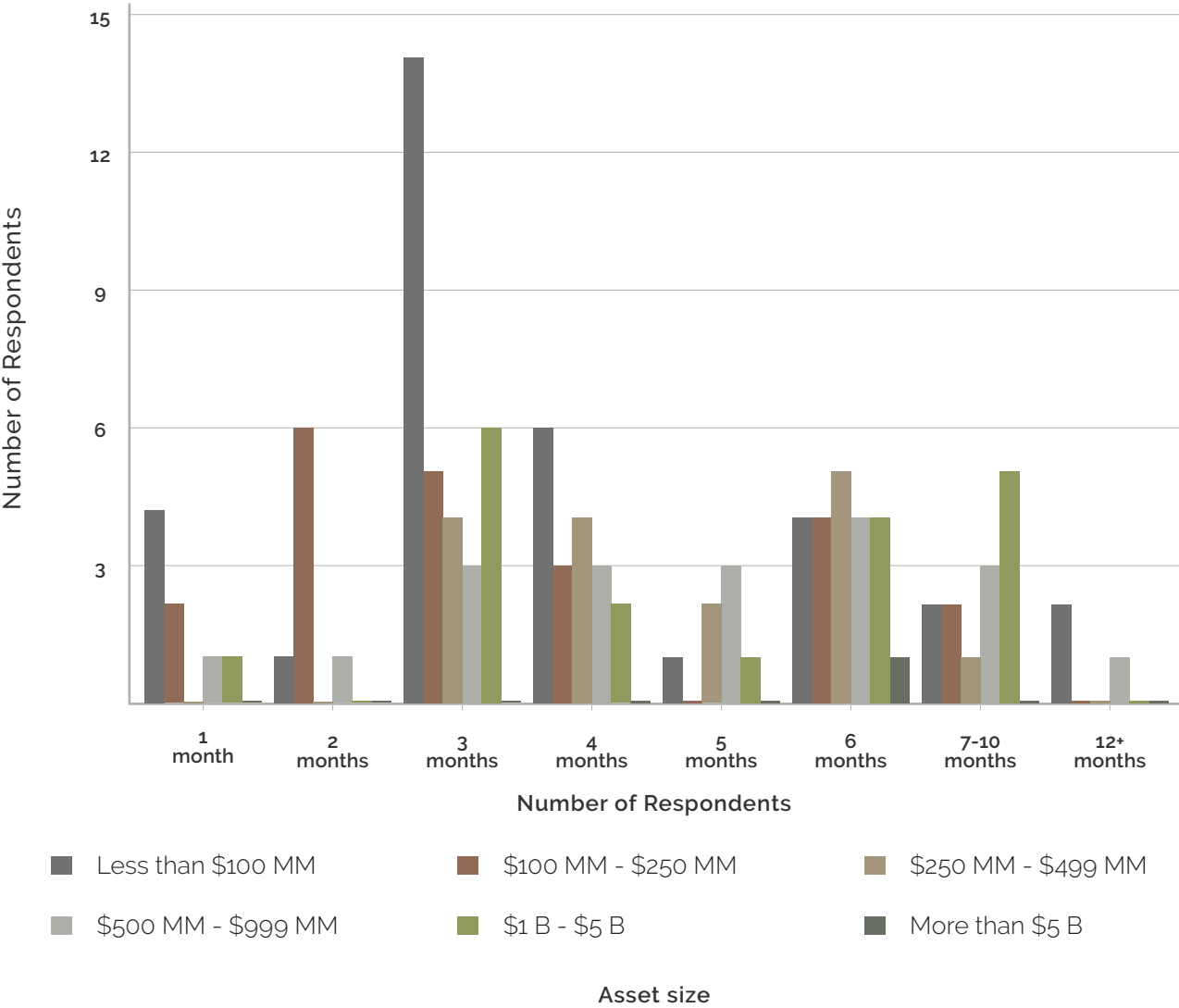
Institutions with larger assets sizes likely take longer to plan and implement changes, so they don't adjust them as often as institutions of smaller sizes.

HOW FAR IN ADVANCE DOES STRATEGIC PLANNING BEGIN?

The larger the FI, the longer it takes to prepare for strategic planning.

Before the big presentation to the board, the average FI spends 3 months in strategic planning preparation.

How many months in advance does strategic planning start?

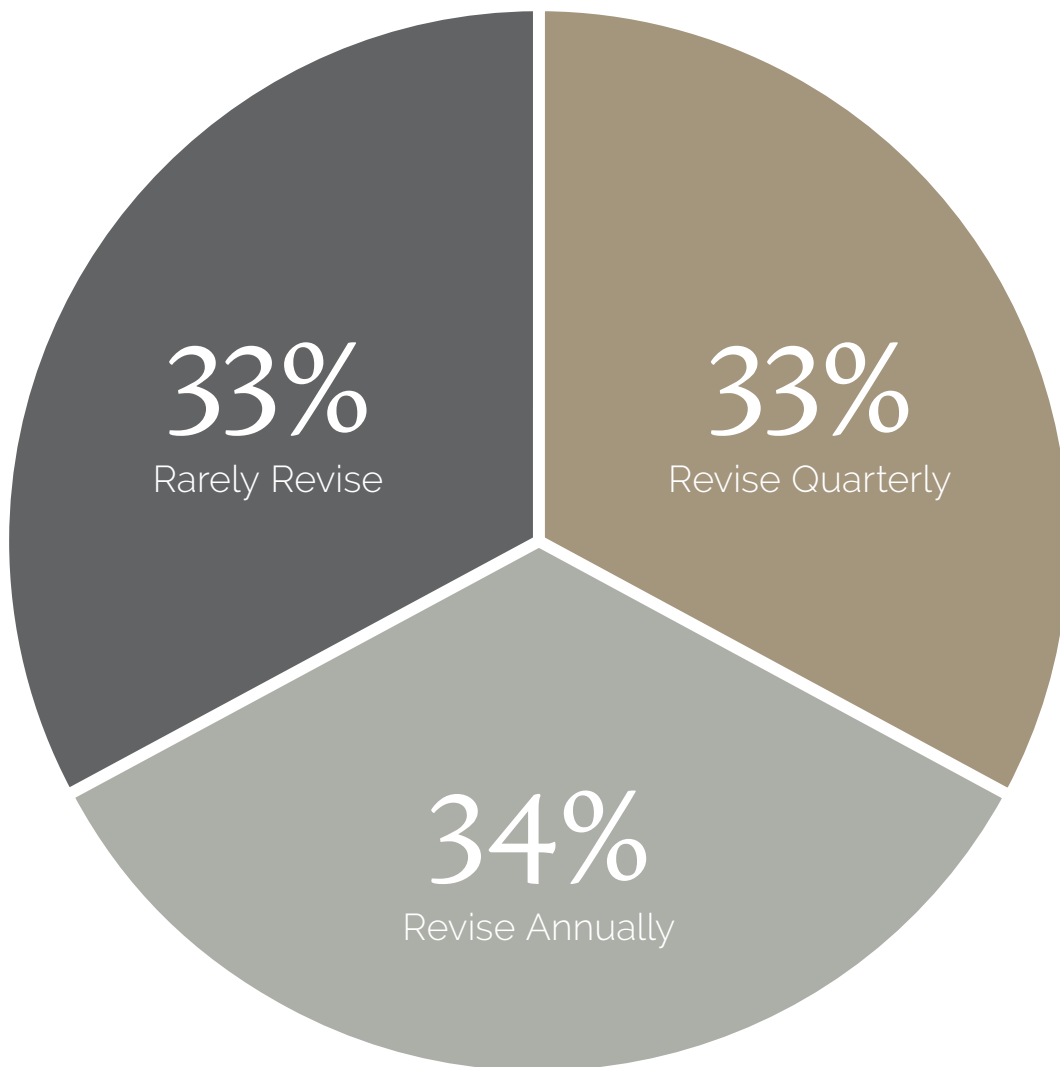


KEY TAKEAWAY:

The average financial institution, as well as the FIs with the largest assets size, start their strategic planning 3 months in advance, on average. This is likely because 3 months gives them enough time to plan, but not so long that they are too far from execution and implementation.

How Often the Plan is Revised

Not only did we look at how often financial institutions create a strategic plan and how far in advance they start planning, but we discovered how often executives are revising their strategic plans. We can see that some FIs had to make revisions as they shifted their strategies during the planning process. It's important to note that more revisions don't necessarily mean the plans weren't right the first time, it just means that executives may likely gain additional data and insights and made adjustments as necessary.



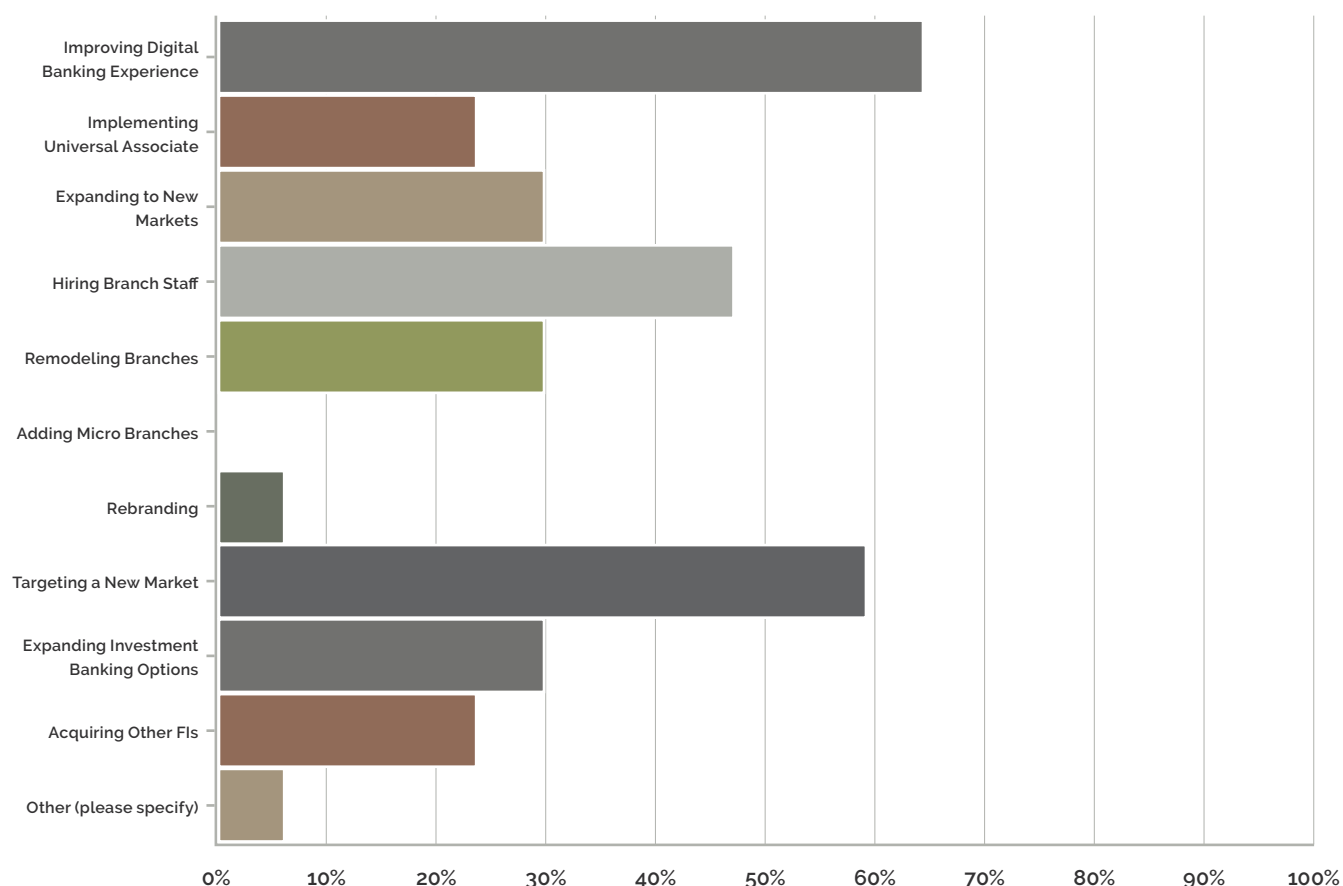
KEY TAKEAWAY:

Among the survey respondents, the frequency of strategic plan revisions are split equally between quarterly, annually, and even rarely revised. This shows that there is no right or wrong answer on how often strategic plans need to be revised, it varies between each individual institution and what they plan to accomplish for the year ahead.

WHAT ARE FINANCIAL INSTITUTIONS PLANNING FOR THE UPCOMING YEAR?

WHAT'S NECESSARY FOR SUCCESS?

Before diving into your big plans and setting goals for the year ahead, it's important to take a look at what you're currently working with and what's necessary for you to successfully execute your new strategic plan. Not sure what you need to effectively accomplish your goals for the upcoming year? Let's take a look at what other financial institutions had to say.



KEY TAKEAWAY:

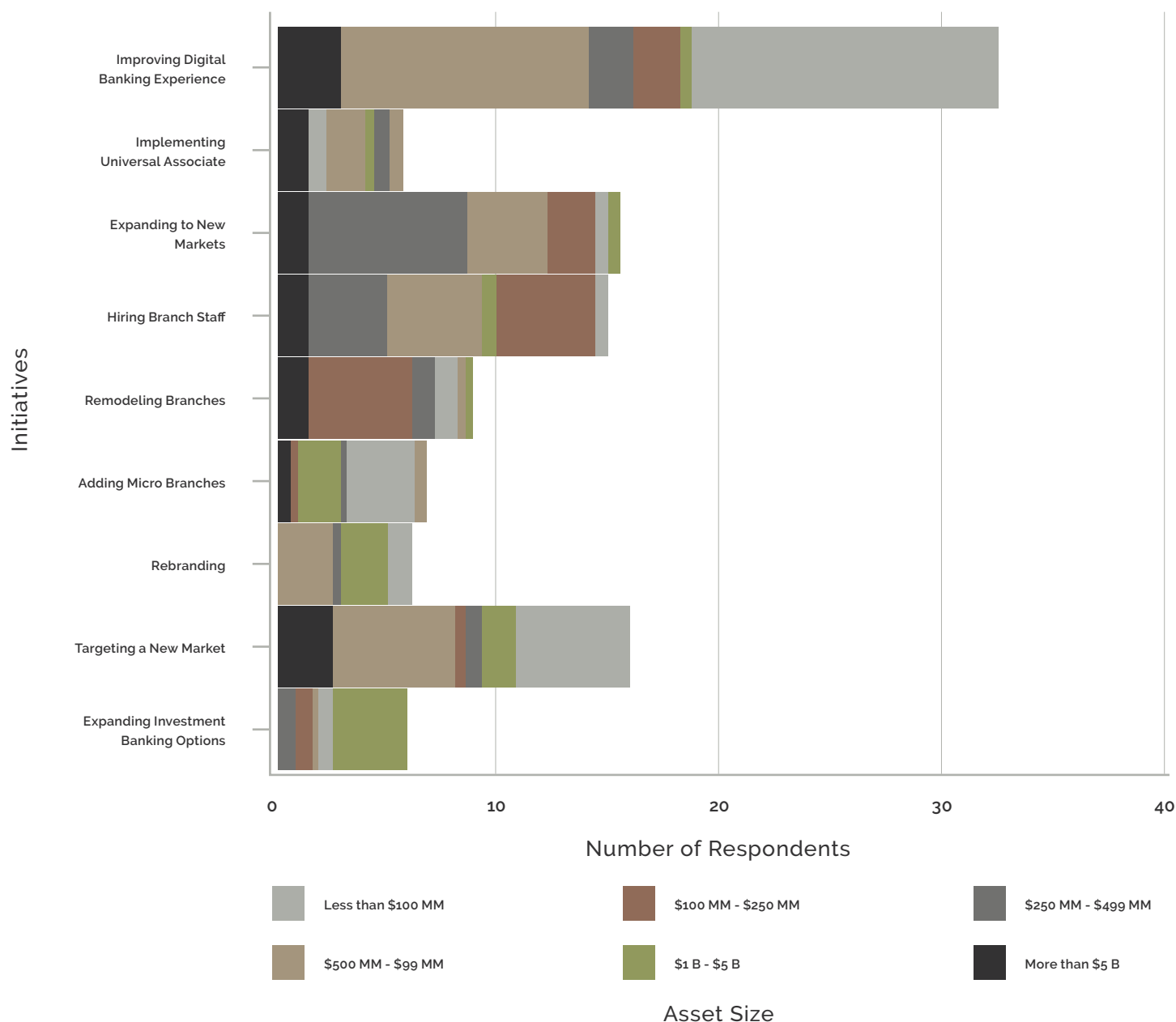
With the continued rise in technology, it's no surprise that improving digital banking experiences (website and mobile) made the top of the list at 65%. Clients want ease of use when it comes to online banking, and a lot of financial institutions have this initiative at the top of their list as a priority.

A close second was targeting new markets (58%). With the emerging millennial audience and Gen Z advancing in their financial journeys, over half of financial institutions are paying close attention to these audiences to promote their products and services.

To emphasize the importance of keeping up with industry trends to improve experience, more than 60% of consumers say they have higher customer service standards since the pandemic (The Financial Brand).

WHAT'S NECESSARY FOR SUCCESS BY ASSET SIZE

Now that we have an idea of what financial institutions believe is necessary for their success, let's see how this relates to their asset size. Is there a correlation between asset size and initiatives that play a role in successful strategic plans?

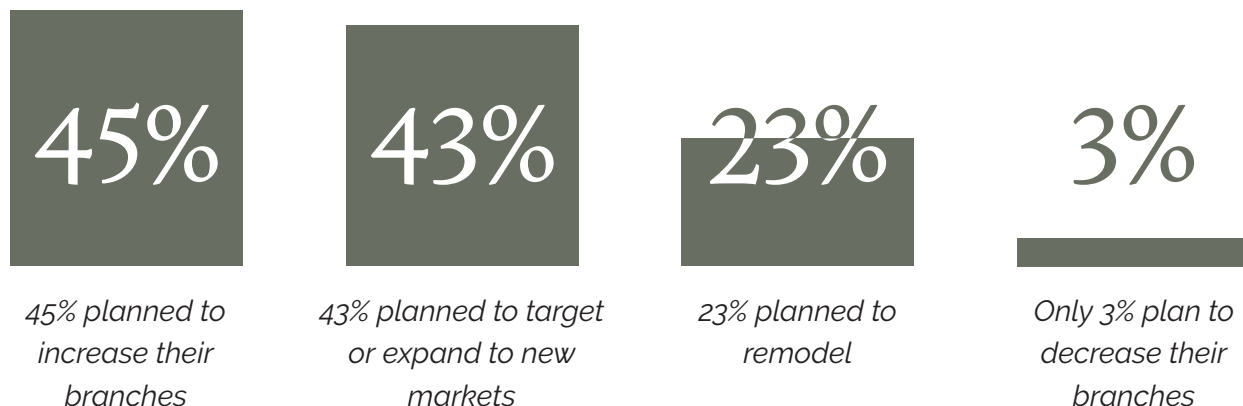


KEY TAKEAWAY:

Despite the difference in asset size, we found that improving the digital banking experience and targeting new markets remained the top two initiatives for financial institutions.

WHAT FINANCIAL INSTITUTIONS ARE PLANNING TO INCREASE NUMBER OF ACCOUNT HOLDERS

How are financial institutions reaching new clients? Are they expanding into new markets? Increasing their number of branches? Or are they remodeling their existing branches to create an elevated experience?

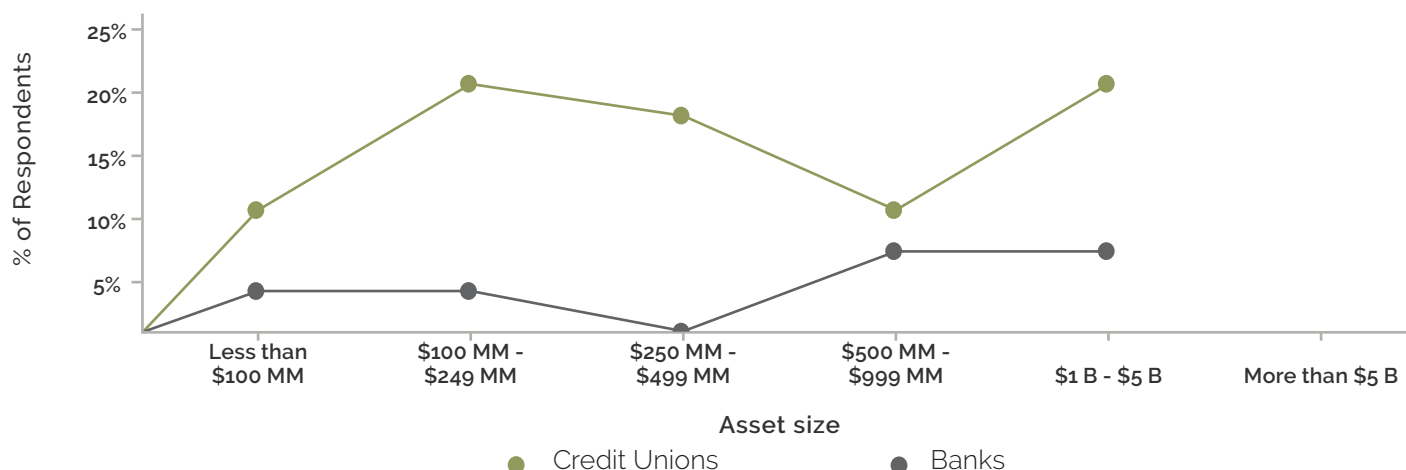


KEY TAKEAWAY:

23% of FIs plan to remodel existing branches while 45% of respondents are planning to increase their number of branches and expand into new markets.

ACQUIRING OTHER FINANCIAL INSTITUTIONS BROKEN DOWN BY FI TYPE

18% are planning to expand or grow through acquisition of other FIs.



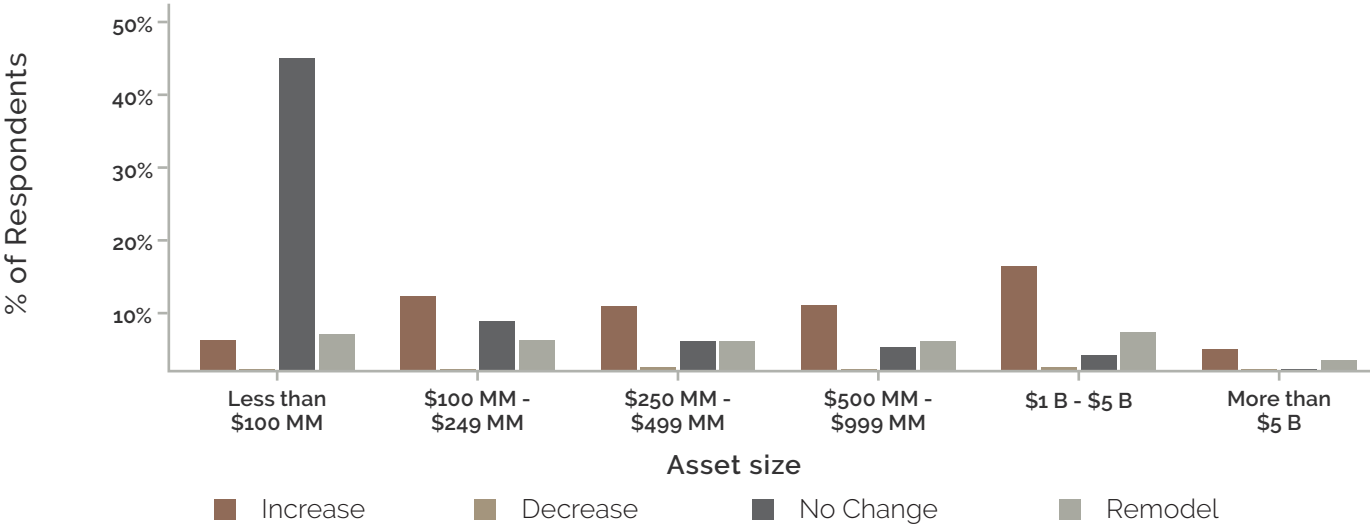
KEY TAKEAWAY:

At any asset size, more credit unions are planning to acquire other financial institutions than banks.

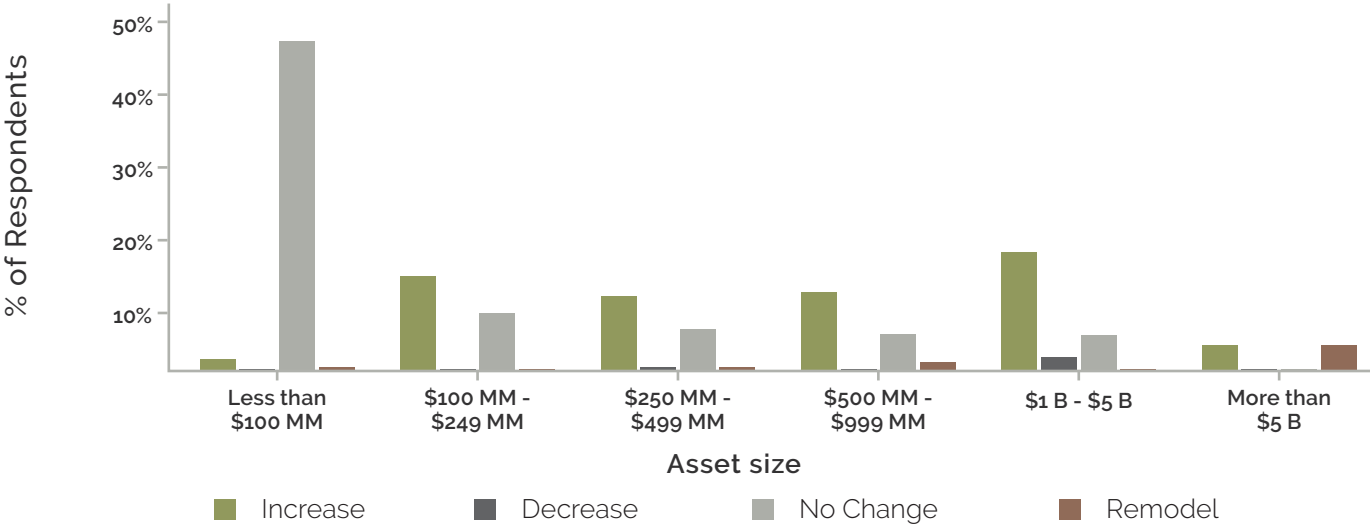
PLANS FOR INCREASING NETWORK SIZE BROKEN DOWN BY FINANCIAL INSTITUTION TYPE

In general, 29% of banks and 25% of credit unions are planning to remodel their existing branches. Let's take a further look at which financial institutions are looking to increase or decrease their network sizes, or plan for no changes at all.

Credit Union Branch Planning



Bank Branch Planning



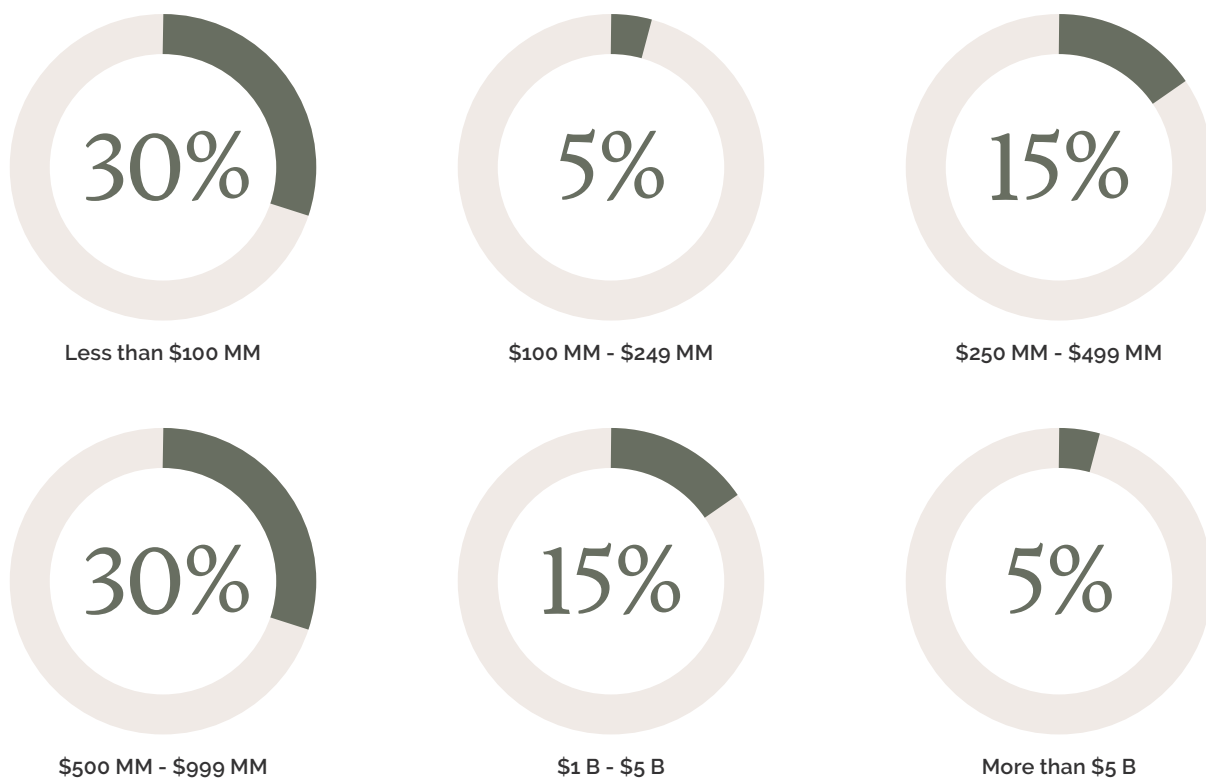
KEY TAKEAWAY:

Both credit unions and banks of most asset sizes consistently answered that they plan to increase their network.

STRATEGIC PLANS FOR MICRO-BRANCHES

Of the 150 survey respondents, only those from credit unions answered that micro-branches were a necessary initiative that they planned to carry out. This might surprise some, as micro-branches are a relatively low investment that can make a big impact.

Credit Unions With Plans to Implement Micro-Branches by Asset Size



KEY TAKEAWAY:

Credit unions with a lower asset size have bigger plans to implement micro-branches than those with asset sizes greater than \$5B.

From our experience designing and building both traditional branches and micro-branches, we've found that micro-branches cost around 33% less to build.

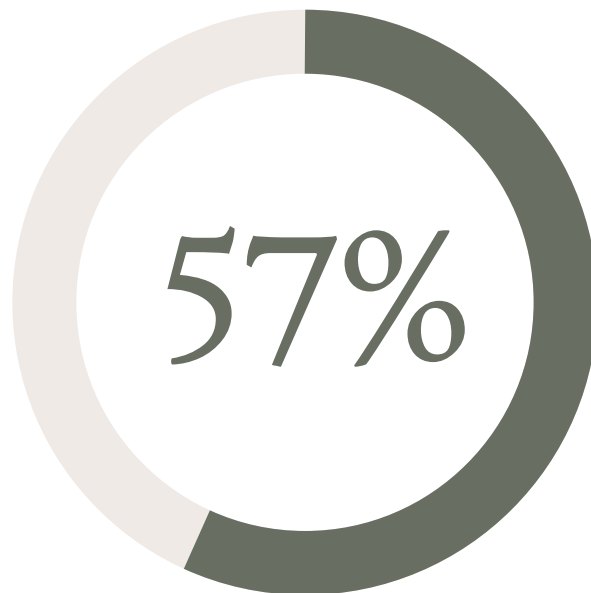
Speaking of cost reduction, a micro-branch provides a total operating cost reduction of 61%.

Not to mention the increased speed to market. The timeline to build a micro-branch averages 6-12 months, whereas, for a traditional branch, you could look at a timeline of 24-36 months.

Universal Associate Implementation

Unsurprisingly, FIs are looking to implement the Universal Associate Model to accompany their newly remodeled branches. Not only do they want an elevated look, but to provide clients with an overall elevated experience.

Of the 23 banks and credit unions that mentioned implementing Universal Associates:



are planning to remodel

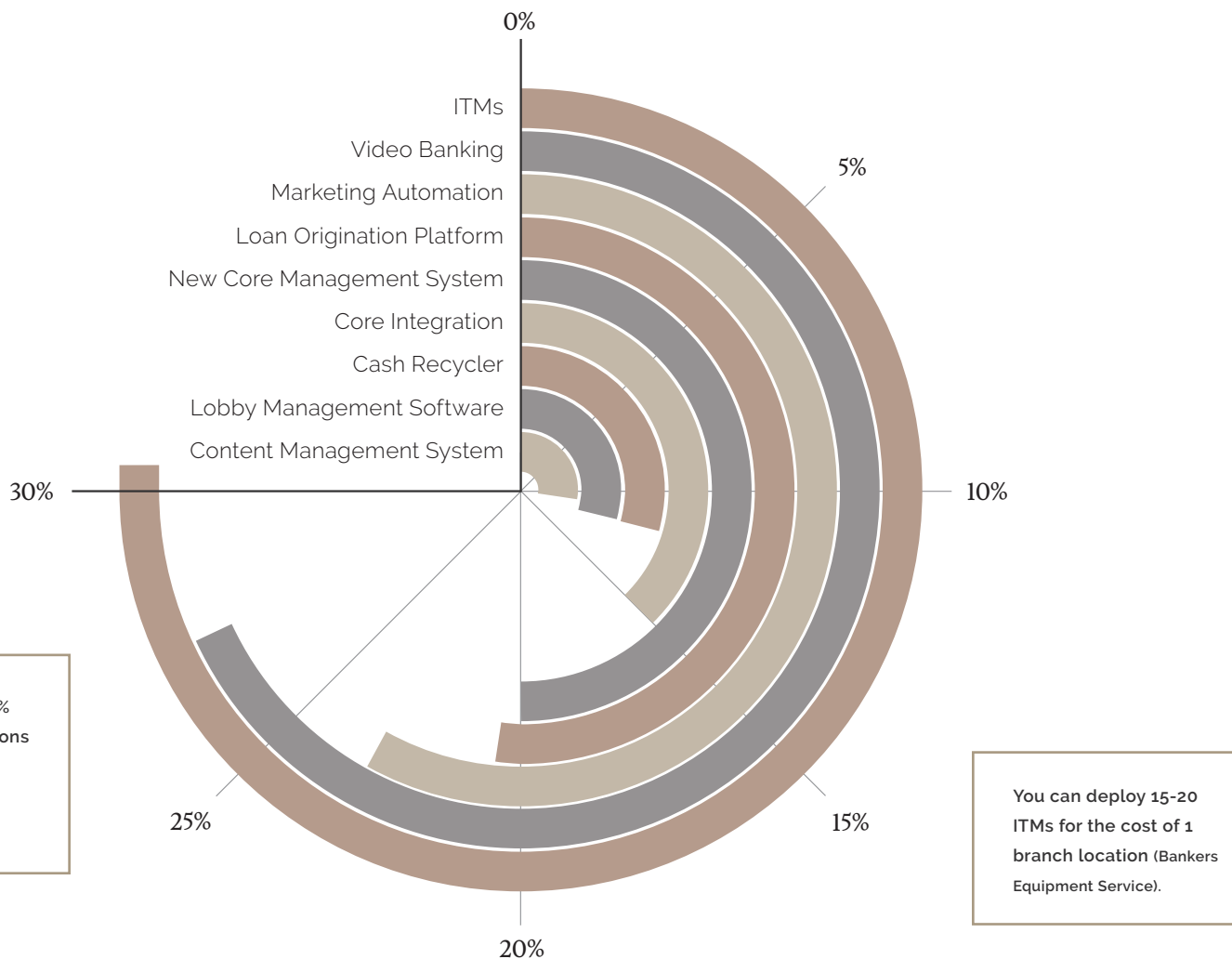
KEY TAKEAWAY:

FIs using this approach have created a repeatable path to success by decreasing costs, increasing staff flexibility, and supercharging client engagement.

Did someone say decreasing costs? A universal banking model with the right technology and process in place can save up to \$92,412 per branch, per year (Banker Director).

Tech That's Sure to Improve the Client Experience

Technology is on the rise, and it's not going away any time soon. We asked our respondents what types of technology they are looking to implement into their own financial institutions and here's what we found:



KEY TAKEAWAY:

FIs are looking to step up their technology game as they head into the upcoming year and continue to retain clients and compete with neobanks and fintechs. When asked what technology they plan to invest in, the majority of those surveyed answered ITMs as their top choice.

FINTECHS – UNDER CAREFUL CONSIDERATION

There's the tech you need, the tech you want- and then there's the type you're cautiously observing in the industry such as neobanks.

56%

56% Watching from afar

22%

22% Buying or using them to keep up

5%

5% Partnering with them

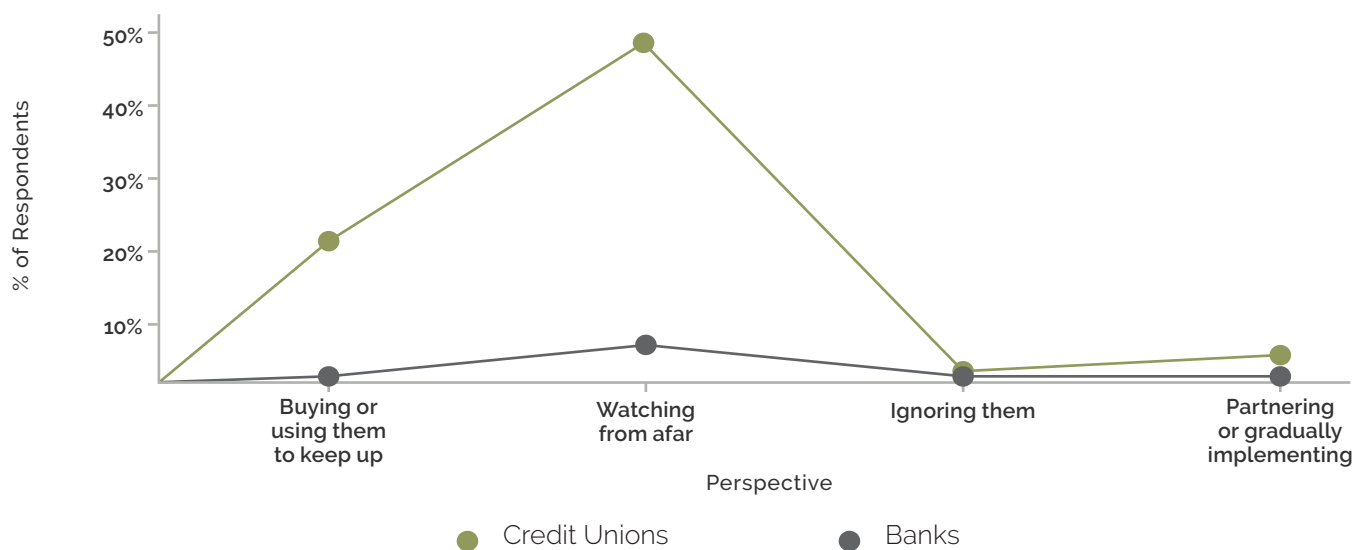
3%

3% Ignoring them

KEY TAKEAWAY:

56% of respondents answered that they watch fintechs from afar.

Fintech Perspective by Financial Institution Type



KEY TAKEAWAY:

Credit unions are more likely than banks to buy or utilize fintechs.

Only 25% of consumers have ever used a fintech bank. The rationale behind this? 34% said their primary reason for disinterest in digital-only alternatives is satisfaction with their current bank (Pymnts).

IS TRANSFORMATION IN YOUR PLANS?

Now that you have the insights you need to take your strategic plans to new heights, it's time to put your plan into action.

Come visit our visionary hub, the Ideation Center to connect with our onsite strategists and see technology, design, and equipment possibilities in action.



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