

BANKING REIMAGINED:

# UNLOCKING DIGITAL-FIRST BANKING EXPERIENCES

NCR V<sup>o</sup>:YIX

# Digital-Everywhere

Consumers will adopt technology at warp speed if it makes their lives easier and is simple to use.

Don't believe it?

**87%** In 1950, only 9% of U.S. households had a television set. Within five years, 65% had one. It took just another five years for adoption [to reach 87%](#).

**100M** ChatGPT reached [100 million monthly active users](#) just two months after launch.

**40%** Smartphones reached a [40% penetration rate](#) in just 10 years—which is remarkable considering this timeframe includes the release of the clunky first-edition BlackBerry.

**72%** In 2005, just 5% of consumers used social media. That percentage jumped to 50% by 2011, and a decade later, [72% of consumers](#) used social media.

So, what does this mean for banks and credit unions? It means that if you want to attract and retain consumers, you need to offer digital and non-digital solutions that make their lives easier and are simple to use.

And that doesn't mean easy and simple to use compared to what your competitors offer. It means easy and simple to use compared to consumers' other digital experiences. Fairly or not, consumers judge their interactions with your organization based on what they've experienced elsewhere.



“Banks and credit unions need to keep up with the look and feel of apps outside of banking.”

Rob Armour  
Executive Vice President, Chief Marketing  
and Business Development, BancPlus

For example, Amazon allows consumers to make a purchase with a single click from their laptop or mobile device, and if something is amiss with the purchase, click again to get to live chat specific to the order. Netflix has gotten really good at suggesting a show to binge-watch based on subscriber viewing history. If you start a show on your television and switch to the Netflix app, the show picks up where you left off.

This seamless experience and personalization between devices are what consumers expect from every company they do business with. Including yours.

## DIGITAL MARCHES FORWARD: DON'T GET LEFT BEHIND

**81%** It's not your imagination; consumer demand for digital has accelerated. [Eight in ten \(81%\) consumers](#) used a mobile device to manage their bank account at least once in the past month.

And it's not just Generation Z who are driving up demand. While it's true that a higher percentage of younger consumers use digital banking channels, a significant percentage of older consumers do as well. Those who discovered digital banking during the pandemic continue to use digital channels because it makes their lives easier and is simple to use.

**91%** Even as life has largely returned to “normal” with open branches and employees returning to the office, digital has definitively become the new normal: [91% of consumers](#) view digital banking as an important factor in choosing where to bank.

**63%** Today, most consumers use their bank's digital channels for quick, functional tasks only. For example, [nearly 63%](#) say the majority of their mobile banking logins are simply to check their account balance. For banks and credit unions, this is a missed opportunity to create digital-first experiences that are more than transactional.

## DIGITAL-FIRST VS. DIGITAL-ONLY

Demand for digital will only accelerate, meaning that digital must be part of your overall business strategy. We call this strategy digital-first. Notice we didn't call it digital-only. There's a big difference between the two. While consumers are increasingly conducting their banking on digital channels, they are also visiting your branches and calling your contact center.

**72%** In fact, branch usage has rebounded almost to pre-pandemic levels. Expect that rebound to continue. Nearly [three-quarters \(72%\) of consumers](#) plan to visit the branch as much as last year. Interesting—and telling—is that younger consumers are more likely to say they expect their branch visits to [increase \(21%\)](#) versus consumers over the age of 40 (12%).

Physical channels remain critical in engaging and retaining customers and members.

Digital-first means providing consistent, quality experiences regardless of the channel they choose.

# The Digital Battleground: What's at Stake for Banks and Credit Unions

Winning on this digital battleground is important to offset the current challenge that banks and credit unions face. Higher interest rates, reduced liquidity and more aggressive regulations are top of mind. There are also threats and risks from geopolitics and climate change that can stunt organic growth.

## WINNING THE DIGITAL BATTLEGROUND REQUIRES WINNING CONSUMERS' HEARTS AND MINDS

Consumers tell you what they want in several ways: with their feet and with their wallets.

**79%** **With their feet:** [79% of consumers](#) say they are likely to switch banks if they find one that better meets their priorities, up from 52% in 2020.

## WHY THIS REPORT IS A MUST-READ

In addition to making their lives easier and being simple to use, consumers want the following from all their interactions across all channels with their bank or credit union:

- A seamless journey across all channels (digital and non-digital alike).
- Personalization and relevant offers.
- Access to modern payments.

This report explores these consumer wants and describes what banks and credit unions can do to deliver on all three. Consumers have more banking choices than ever, making this a high-stakes battleground. Read this report to learn how a digital-first strategy is critical to meeting consumer needs and wants by providing seamless and personalized journeys and modern payments across both digital and physical channels.

**+3%** **With their wallets:** The share of revenue of traditional banking products such as auto lending, consumer finance and mortgages that are sold through non-banking channels will [increase by 3%](#) to 5% by 2025.

There's increased competition for deposits and payments, and not just from the bank down the street.

**+9%** With the percentage of consumers deemed "financially unhealthy" [growing 9%](#) in a single year, the hunt for higher interest rates is on, but playing the yield game isn't a long-term winning strategy for banks and credit unions. "You're in a price war," notes Douglas Brown, president of digital banking for NCR Voyix. "Increasing interest rates to attract deposits and hoping that those

accounts might pivot to profitable and sustainable long relationships is short-term thinking.”

When competing on interest rates, banks and credit unions typically consider digital-only banks as their biggest threat. But there’s a lot of noise—and distractions—in the financial services landscape. In addition to digital-only banks, banks are competing for deposits with neobanks, nonbanks and even payment apps like PayPal and CashApp.

“It’s a race to see who can engage the hearts and minds of consumers and small businesses for deposits,” says Brown. “Winning the war requires having a deep connection to the deposit as the anchor relationship and then broadening that relationship so you are more than meeting just their transactional needs.”

Here’s what banks and credit unions are up against:

### The battle for deposits

A deposit war is raging on a variety of fronts, and banks and credit unions are taking a drubbing:

**50%** Consumers have an average of 6.3 financial products, but [only half](#) of these are with their primary financial institution.

**-16%** The percentage of retail bank customers with more than \$10,000 in deposit balances at their primary bank [dropped from 44% to 28%](#) in a single year.



“The banks and credit unions that will win are those that offer not just great service, great capability, great technology, but that also help consumers achieve financial wellness and financial peace of mind. You need to become a part of their financial life.”

Douglas Brown  
President, Digital Banking, NCR Voyix

**-472B** Deposits at traditional banks [fell by \\$472 billion](#) in the first quarter of 2023—the biggest decline on record with the FDIC.

**-120B** After the collapse of Silicon Valley Bank and Signature Bank in March of 2023, small and mid-size banks [lost \\$120 billion](#) in deposits.

### The battle for payments

Deposits isn’t the only front where banks and credit unions are losing ground:

**+60%** **The good news:** The global total value of digital wallet transactions is expected to [grow by 60%](#) to exceed \$12 trillion by 2026. **The bad news:** [53% of consumers](#) use digital wallets more often than traditional payment methods.

**+70%** **The good news:** [70% of U.S. consumers](#) have used peer-to-peer (P2P) payments. **The bad news:** [49% have used](#) a direct transfer service such as PayPal or Venmo versus 44% who have used a bank transfer.



“Retail banks should [find new ways](#) to forge deeper customer relationships and instill a greater sense of financial empowerment. Personalization will be key to demonstrating lifetime value. But banks will likely struggle to customize products and services due to legacy systems and their inability to curate tailored experiences using customer data. Many of these challenges will be exacerbated by the fact that retail customers are spoiled for choice, and it has become easier for them to switch accounts and diversify deposits across multiple platforms.”

Deloitte  
2024 Banking and Capital Markets Outlook

# Melding the Physical and the Digital for a Seamless Journey Across All Channels

A small business owner applies online for a loan at your institution. You've worked hard to make the digital application process as straightforward as possible, but the business owner has a few questions she wants to ask a lending officer. The owner visits the branch, but the lending officer cannot view the loan application since it's in a different system, forcing the business owner to provide her basic information once again.

**That's not a seamless journey.**

In a seamless journey, the lending officer would already have the small business owner's application—and other account information—on their screen when they meet. The lending officer would be prepared to offer advice, whether on other funding options or maximizing cash flow.

That's a seamless journey that melds the digital and the physical. Whether the journey starts in the mobile channel and moves to the call center or starts in the branch and moves online—or any other permeation—the consumer never has to “start over.” It's a continuous, seamless journey without a speed bump in sight.



“The alternative to a seamless member journey is a disjointed and fractured experience. I don't think any organization in the world wishes that on its customers.

Everything you do in life is more satisfying when it's simple, relatable, frictionless and just makes sense.”

Devon McAlister  
Vice President of Digital Banking,  
State Employees' Credit Union

## OVERCOMING SYSTEM ROADBLOCKS

One of the biggest challenges in getting to a seamless journey is that systems are siloed. The mobile app is separate from the online banking solution. The branch banking platform is separate from the call center solution. And then there is the core, typically a legacy batch processing system that does not integrate in real-time with front-end, consumer-facing systems.

### BancPlus: Bringing silos together

Of course, the core isn't going away, especially for financial institutions such as BancPlus that lean heavily on their core provider. While the core is still where they run account maintenance and other core functions, the bank needed to create an omnichannel onboarding experience for customers without burdening the back-end.

“You can have a great front-end system for account opening, but now you have to touch two or three systems back-end systems,” says Rob Armour, executive vice president, chief marketing and business development officer at BancPlus, an \$8 billion-asset bank based in Ridgeland, Mississippi. “There goes your seamless journey.”

BancPlus works with NCR Voyix to bring siloed systems together. “Once you get a new customer into the bank, the first thing you want to do is get them into your online banking system or wallet since those functions are sticky,” explains Armour. “Being able to sync the core with the online banking system provides instant authentication so you know who the customer is. You can onboard someone quickly. They can access online banking immediately.”

BancPlus measures digital banking success in several ways, including reaching out to customers via phone or email. Its voice of the customer system measures both online and mobile banking experiences.

## SECU: Improving the total experience

State Employees' Credit Union's (SECU) 2.7 million members throughout North Carolina want to be met when and how they want to be met. "For us, that's a number of places: in the branch, on the phone, at the ATM, on the mobile app and everywhere in between and all together," says Devon McAlister, vice president of digital banking at the \$50 billion-asset credit union, which is headquartered in Raleigh, North Carolina. "We are looking to improve the total experience of all our channels."

One of the first major initiatives in this transformation was a refresh of the call center agent and member experience, adding new entry points for communication, including agent chat. Next, the credit union will refresh its public website, [www.ncsecu.org](http://www.ncsecu.org), to make it easier for members to research products and services, get answers to questions, improve financial literacy and more.

The credit union is also revamping its entire digital banking experience, working with NCR Voyix to increase functionality and eliminate disjointed experiences. The core areas of improvement are account management and budgeting, financial wellness, alerting and communication, self-service, payment options and mobile optimization.

To ensure members have the same frictionless experience between channels, the credit union launched a member experience practice. Key staff and team members from every part of the organization get together, collaborate, review initiatives and assess how various initiatives can and should impact members. The practice also includes an "always on" member feedback and satisfaction measurement program through interaction points on the website and mobile apps that members can use to provide feedback at any time, explains McAlister.

In the next 12 months, SECU will expand the program to include branches, the call center and even more unique experiences in the mobile app.



"A channel-friendly engagement that allows you to leverage multiple channels is the sweet spot, both for consumers and for banks and credit unions."

NCR Voyix

## REIMAGINING THE BRANCH

No matter how much they love digital, consumers still want in-person channels:

**67%** [Two-thirds \(67%\) of consumers](#) across all demographics like seeing branches in their neighborhood, as this indicates their financial institution is stable and available.

**You can't ignore branches, but you can make them digital-first.**

The branch—as well as the call center—serves as a litmus test as to how well you are delivering on your promise of a seamless consumer journey. SECU's McAlister advises banks and credit unions to listen to the voice of their frontline employees. "Nobody is closer to your customers and members than the branch and contact center teams. I cannot stress enough how immensely valuable their input is to the total success of your organization's digital-first technology initiatives."



"The closer a member lives to a branch—even if they don't visit the branch—the more profitable they are."

Tyler Kuhn  
Vice President of Marketing and Digital Strategy,  
Service Credit Union

# Personalization: Know Me, Show Me

Consumers demand personalized experiences and offerings.

Banks and credit unions get high marks when it comes to trust and security, but consumers are less enthralled with their financial institution's personalized services and offerings.

**34%** For example, just [34% of consumers](#) score their bank's mobile app at least nine out of 10 and [only 30%](#) give their bank's customer service the same score.

**23%** [Only 23%](#) rate their bank highly for its range of products and services and for the competency of its tailored financial advice.

When it comes to digital, banks and credit unions tend to focus on improving digital customer or member service. Attempts at personalization are still pretty basic, such as offering loans based on demographics or broad segmentation. As a result, consumers don't feel that their primary financial institution knows who they are.



“Consumers want to know you know who they are. They don't want a generic transaction, no matter what channel they use.”

NCR Voyix

Instead, consumers want to have genuine digital or in-person conversations with their financial institution and trust that the institution has a deep understanding of their needs. Say a consumer regularly consults your chatbot to ask about savings account interest rates. This customer probably wants to maximize their return on savings. Not only could you personalize their experience by prominently displaying interest rates when the customer

logs into mobile banking, but you could also provide them with a rate comparison chart highlighting different types of savings and CD products.

**21%** Unfortunately, [only 21% of bank and credit union customers and members](#) say they have received financial advice or guidance from their financial institution in the past year.

**47%** However, those consumers who do receive guidance and advice are significantly more likely to have opened a new account with their primary bank. And if that advice meets their needs? [Almost half \(47%\)](#) opened a new account.

**65%** It's a missed opportunity: [Two-thirds \(65%\) of community banks and credit unions](#) say they do not use their institution's data as often as they should to educate and cross-sell.

## CAPITALIZE ON A TRADITION OF PERSONAL SERVICE

Personalization is a key differentiator, especially for community banks and credit unions.

“Credit unions are the original pioneers of personalization,” says Tyler Kuhn, vice president of marketing and digital strategy at Service Credit Union in Portsmouth, New Hampshire. To continue that legacy of personalization, the \$5.2 billion-asset credit union partners with a number of fintechs to address specific needs but builds its own front-end so it can more tightly control the member experience and use it as a key differentiator.

“The fintechs build the back-end but we control the front-end because we know our members better than any fintech does,” explains Kuhn.

Kuhn notes that the credit union is just starting to truly leverage data to support its personalization strategy but is looking to make strides quickly. “We know there

is tremendous opportunity to use data to improve our members' financial experience. This will be one of our most significant investments over the next few years," he adds.

Like Service Credit Union, BancPlus also focuses on personalization as a differentiator. BancPlus was founded in 1909 and grew up as an agricultural and retail bank in

four southern states. Today, BancPlus has expanded to new markets and geographies while still retaining its farming roots by personalizing customer experience.

"If you look up community bank in the dictionary, that's what we are," says Armour.

## Making Payments Simple

**\$387.7B** Mobile payment apps like PayPal, Venmo and CashApp are in direct competition with banks and credit unions. Double-digit growth pushed PayPal's total payment volume to [\\$387.7 billion](#) in the third quarter of 2023. The number of PayPal transactions [grew by to 6.3 billion](#) across more than 400 million active consumer accounts.

**+6.3B**

The objective is to transition from a disjointed approach to simplify the payment experience for members by asking them to answer a few simple questions: Who do you want to send money to? When do you want to send it? And how much do you want to send? "The member doesn't care how we transact the payment," says Kuhn.

BancPlus' Armour agrees, "In the future, a payment will just be a payment, and the consumer may not know what rail they are sending it on through their app."



"The payment landscape is moving very quickly, and consumers are being confronted with so many different options that we're seeing a real [splintering of the total addressable market](#)."

Miles Tullo  
Managing Director, Banking and Payments,  
J.D. Power

To compete, banks and credit unions are revamping their payments infrastructure "Modern payments platforms are one of our biggest focus areas," notes Kuhn. Today, the member payment experience at the credit union is rather fragmented. Service Credit Union uses FedNow, and members send P2P payments using Zelle or credit union payments using Bill Matrix.

### BENEFITS OF A MODERN PAYMENTS PLATFORM

A modern payments platform does a number of things, says SECU's McAlister. "It intuitively allows members to transfer funds quickly and securely to whoever or wherever they want." He adds that the ability to move money from one place to another is a core functionality. "We've heard from our members loud and clear that they want to easily move money to meet their various payments needs and we have room to improve how we meet that need with more seamless and integrated payments and money movement options."



"New revenue streams will be the [primary source](#) of return on investment in a modernized payments infrastructure."

McKinsey



The credit union is working on a more modern payment experience, allowing members to send money more easily to other members and eventually transfer funds for P2P payments to and from other financial institutions.

A modern payments platform also enables SECU to pivot when consumers' payment behavior inevitably changes, whether that change is due to new network options from the Federal Reserve or The Clearing House, a shift in the card processing landscape, or some revolution in the way consumers purchase goods and services, says McAlister.

**15B** Another opportunity afforded by a modernized payments platform is to improve online bill pay. U.S. consumers pay more than [15 billion bills per year](#). Today, online bill pay at most banks and credit unions is cumbersome at best. Consumers have to schedule payments several days in advance in order to ensure that their credit card or utility bill is paid on time. However, with a real-time payment infrastructure, consumers would have more control over their cash flow and confidence that the payment will make it to the biller in time.

## Getting to Digital-First

To meet consumer needs for a seamless journey across channels, personalization and modern payments, banks and credit unions need to build a digital-first approach to their entire ecosystem. From customer or member experience at the teller line to their mobile app, they need to prioritize the overall digital experience even when the experience doesn't begin as digital.

There are a variety of different tools and approaches to get to digital-first, and the road to digital-first will vary from financial institution to financial institution. However, what's universal for success is to build your digital-first strategy around your unique customer or member base as well as your larger strategic priorities.



“For banks to attain high marks in satisfaction and build the enduring loyalty that comes with it, [customers need to feel supported](#) through tough economic times. They need to be able to conduct their business with ease and feel like their funds are safe and secure.”

Jennifer White  
Senior Director of Banking and Payments Intelligence,  
J.D. Power

### DIGITAL-FIRST DRIVES INITIATIVES

Service Credit Union is on a digital-first journey and is leveraging its employees' experience to provide the right digital experience to its members, whether in New Hampshire or at its 15 branches in Germany that serve U.S. military members. “We describe ourselves as digital-first,” says Kuhn. “We use data for hyper-personalization and really understand what our digital weaknesses and opportunities are.”

To inform its digital-first journey, Service Credit Union uses both qualitative and quantitative research to understand exactly who it serves. “We've got to help first and sell second,” explains Kuhn. “Any financial institution that wants to personalize the experience must understand the needs and issues and problems its members or customers face.”

Qualitative research includes asking members open-ended questions such as what's important to them and what the credit union can do better. Quantitative research includes analyzing member channel preferences and behaviors, comparing member demographics such as income, homeownership and household size to national consumer averages, and analyzing where members spend their money.

For example, Service Credit Union discovered that its members have a higher net worth, are younger than consumers on average and that two-thirds are married. This insight enables Service Credit Union to make

decisions about its technology infrastructure, product development and initiatives to prioritize.

One milestone Kuhn is especially proud of is that the credit union can now send cohesive messages to members regardless of the channel they use. “If a member starts a conversation in the branch, we can follow up with them online or on the mobile app,” he says.

Service Credit Union also uses text messages to engage members. Member communications preferences and opt-in and opt-outs are centralized in the customer relationship management (CRM) system. The goal is to have a consistent experience and use a single contact number. Explains Kuhn, “Members will know a text is from us, no matter what channel the message originated in.”



“Banks and credit unions often have a strategy but need to step back and figure out how to put that in motion. Sometimes it’s difficult to share your strategy, not wanting to give away your secret sauce. But those that do share with a trusted partner are leading the way in growth.”

Carrie Nelson  
Executive Director, Professional Services,  
NCR Voyix



## What is Digital-First?

“Digital-first is an iterative approach. There’s no magic pill. Understand who you are serving, and don’t try to be everything to everybody because there is going to be someone who does that better. Members and customers will tell you what they want. You just have to listen.”

Tyler Kuhn  
Vice President of Marketing  
and Digital Strategy,  
Service Credit Union

“Digital-first is a mindset that understands the importance of all of the digital touchpoints in the total member experience. Digital-first often gets confused with digital banking, but digital-first extends beyond the digital banking experience. We expect all our channels to work together efficiently, securely and in a way that supports a seamless member journey.”

Devon McAlister  
Vice President of Digital Banking,  
State Employees’ Credit Union

“A blind spot is that banks and credit unions think the answer is to go digital-only. While digital is a great means of engagement and attracting consumers, digital-only isn’t the answer. The answer is digital-first. Digital-first is the relationship model you want.”

Douglas Brown  
President, Digital Banking,  
NCR Voyix

# Accelerating the Journey to Digital-First

As we discussed earlier, digital-first is not the same as digital-only. Banks and credit unions need to provide consistent, quality experiences, regardless of the channel their customers and members are conducting business in.

Getting to digital-first is an iterative, continuous journey. And like a lot of journeys, it's helpful to have a guide along the way.

Few community banks and credit unions have the internal expertise and bandwidth to build the technology infrastructure needed for deploying digital-first. Says BancPlus' Armour, "We don't have teams of developers or an R&D department. It's so important to choose your partners because not only are they removing the burden from you, but you are relying on them to adapt to whatever happens in the future."

Often, banks and credit unions will work with a solution provider, only to discover that a provider that excels in a single channel may lack experience across all channels.

As a result, the provider struggles to deliver the seamless journey, personalization and modern payments platform that will support the bank or credit union's strategic goals and objectives.

The answer may be to look to best-of-class providers along with a partner that can tie everything together. This describes SECU's strategic approach. "In an environment in which we need to be more agile and responsive, we'll use a mix of technology, applications and services built and hosted by us as well as built and hosted by best-in-class technology providers. NCR Voyix serves as our strategic partner. The most efficient financial institutions deploy a combination of both," says McAlister.

Look for a partner that understands that digital-first is more than just a technology strategy, but a strategy for how you do business. Says Armour, "Digital-first is a strategy for how we are going to acquire and serve customers."

## About NCR Voyix

NCR Voyix is a leading global provider of digital commerce solutions for the banking, retail and restaurant industries. The company's digital-first banking solutions are trusted by over 600 banks and credit unions and used by more than 20 million end users. With its portfolio of industry-leading solutions, NCR Voyix drives impactful insights, meaningful connections and engaging experiences for banks and credit unions of all sizes.

**NCR VOYIX**

Insights. Connections. Experiences.