



eBook

Automating Digital Banking for a Personalized Future

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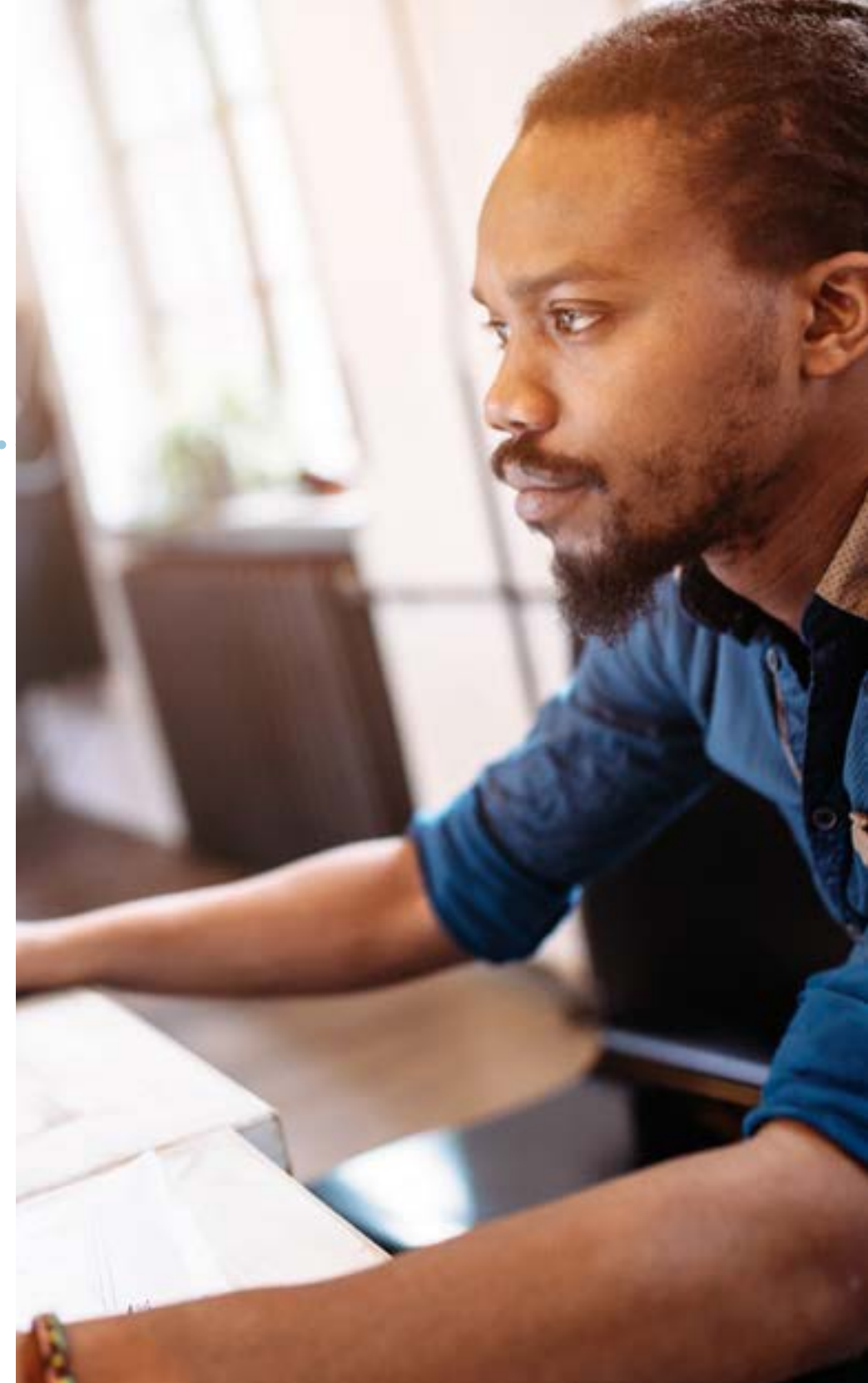


30 Years of Digital Banking Innovation

Considering the popularity of mobile and online banking services today, it may be hard to believe that digital banking as we know it is barely three decades old.

In 1994, Stanford Federal Credit Union became the [first North American financial institution to roll out online banking](#) to its membership, followed by Presidential Bank in 1995. By 2006, [8 in 10 U.S. banking institutions](#) were providing internet banking to their customers.

Although some European banks experimented with SMS-enabled mobile banking applications [as early as 1999](#), it took until 2007 for major [U.S. banks like Citi and Wachovia](#) to introduce mobile banking for smartphones. The landmark introduction of the iPhone in June 2007 accelerated the trend toward app-based mobile banking.



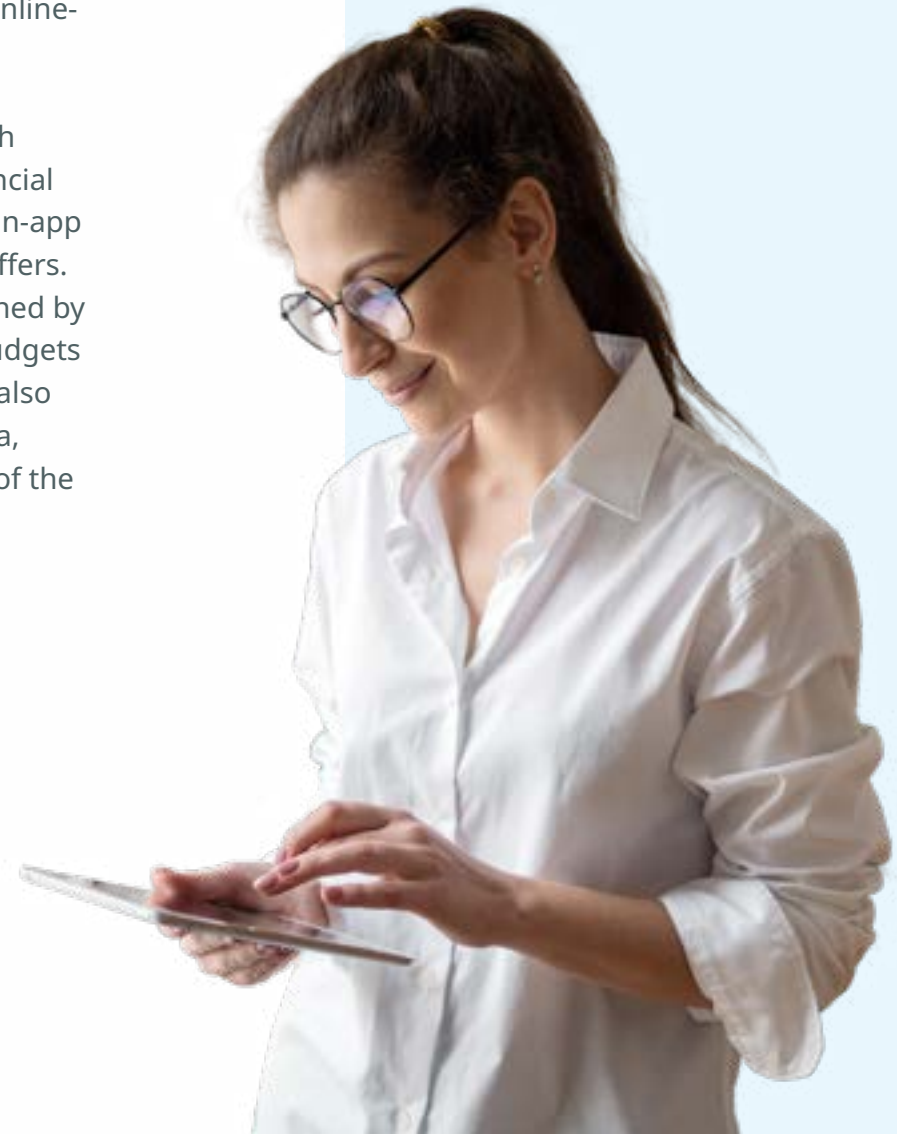
Today, **61% of consumers use digital banking services** at least once a week. Adoption continued to grow during the pandemic, with the number of U.S. users expanding from fewer than 197 million in 2021 to **203 million in 2022**.

It's clear that digital banking is no longer a novelty, as today's consumers expect to have immediate access to every aspect of their financial lives—anytime, anywhere, and at their fingertips.

New entrants such as fintechs and online-only banks have raced to meet consumers' growing demands for digital access. These firms have made particular inroads with

younger generations, as **57 percent of millennials and 64 percent of Gen Z** have an account with a nontraditional financial services provider, such as a neobank, online-only bank, or fintech.

These younger consumers desire a high level of personalization from their financial institutions, as exemplified by curated in-app experiences and customized product offers. These expectations have been established by not only the big banks that have big budgets to invest in digital transformation, but also by household names like Amazon, Meta, and Google, which have raised the art of the possible to new heights.



The Digital Banking Revolution Will Be Personalized



Incumbent community financial institutions still have a way to go before they can match these expectations, and consumers are clearly frustrated with the options provided to them by traditional banks and credit unions.

According to [research from The Financial Brand](#), barely one in four bank customers say they are “completely satisfied” with the level of personalization they receive from current digital banking platforms, and nearly half (46%) of those surveyed would consider opening an account with a non-bank.

The reality is that community FIs must now compete with fintechs, online-only banks, and even Big Tech companies that offer digitally native banking solutions that come bundled with additional services like P2P payments, budgeting and investing tools, and personalized experiences that keep users engaged within the digital banking ecosystem.

“Personalization is going to be key,” says Ryan Dimick, Chief Technology Officer at SMA Technologies. “The ability to pull more data from more diverse sources to provide a better, more customized experience regardless of delivery channel is going to be the great differentiator pretty soon. The ability of systems to talk with each other is critical, and automation is instrumental in that process.”

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“Personalization requires lots of data from disparate systems that don’t talk with each other,” says Todd Weiss, VP of Product at SMA. “Institutions will need to harness the power of that data to deliver better consumer experiences. Moreover, personalization can also be a driver of growth, in terms of putting the right offers in front of the right people at the right time.”

With the exception of the biggest banks, which enjoy the resources and internal talent to innovate quickly, the financial services industry as a whole has been relatively slow to adapt to this personalization trend. Most community and regional financial institutions have difficulty aggregating transactional data across multiple, diverse platforms and delivering them in real time to their users within a digital banking platform.



Challenges to Providing an Exceptional Digital Banking Experience

Small- to mid-sized financial institutions face an uphill battle in competing with the big banks and fintechs to capture financial consumers' digital mindshare.

It begins with the fact that most community financial institutions are heavily core-dependent, relying on their core processing vendor for many add-on services and customer-facing applications, such as loan origination, customer account opening and onboarding, or online and mobile banking services.

While bundling all of these applications together from a single omni-provider offers some benefits, such as potential cost savings and built-in integration, the approach also has its drawbacks. Core system providers may be best in breed in their "core" offering, but the same may not be said for their add-on services and applications. The digital banking application they offer may well employ

obsolete or less secure coding or be built on an older programming language or platform. This is why many banks and credit unions look beyond their core provider in search of best-in-breed solutions that offer their employees and customers outstanding experiences. But as well-intentioned as that approach is, patching together a medley of services from various vendors introduces a new set of problems—namely that these discrete point solutions often don't speak well with each other, or with the core.

Today's big core vendors are intent on selling their own suite of related services, so they tend not to spend much time or many resources on developing integrations with other vendors' services. This means that the financial institution is often left to its own devices to figure out how to integrate their various services and make sure they all work together seamlessly, accurately, and efficiently.





An effective digital banking application must sync with the core and other systems of record in order to present the user with accurate information in “real time.” For example, FICS® is an industry-leading mortgage processing system. But because the product is not sold by one of the big core providers, banks often have challenges integrating the system with their core and digital banking applications. To offer a comprehensive view of the customers’ full financial picture, institutions must be able to provide real-time (or near-real-time) mortgage and loan data, including completed payments, current balances, upcoming payments due, and tax and insurance escrow breakdowns.

Beyond presenting accurate, real-time mortgage and loan information, providers must also be able to provide up-to-the-minute debit and credit card transaction data. And with the popularity of remote check deposit, mobile banking apps must be able to support and accurately reflect deposits as they happen. It’s no longer acceptable for a user to deposit a check using their mobile device after hours on a Friday evening and have to wait until midday Monday to see the deposit reflected in their account balance.

Bottom line, digital banking applications must be able to accurately and seamlessly sync with a wide range of other software applications hosted in a variety of environments, whether on premises, in the cloud, or within hybrid environments. And this data must updated in real time and on a continuous basis.



Workload Automation Helps Speed Up Digital Banking Processes

Today, consumers' expectations are shaped by their daily interactions on eCommerce sites like Amazon, social media platforms like Instagram or TikTok, and search engines like Google. These expectations are pervasive and bleed over to the financial realm where consumers demand the same level of personalization, customization, and real-time responses when they perform a transaction.

Delivering an exceptional digital banking experience is predicated on one thing: speed. Workload automation and orchestration (WLA&O) is the super app that ensures end users have a fast, seamless, and secure experience.

For example, powerful workload automation tools extend the time windows available for syncing across multiple software platforms, such as those that manage card processing, loan payment processing, and remote deposit capture. This enables transaction activity to be posted not only faster and more frequently than through limited batch processing, it also ensures that transactions like payments, purchases, and deposits are credited to the user's account—and visible within online and mobile banking platforms—after normal banking hours, whether that's midnight on a Thursday or 9:00 on a Sunday morning.

For financial institutions, the benefits of automating digital banking go beyond the end user experience. When repeatable processes are automated, staff spend less time posting transactions and correcting errors, meaning they get time back to focus on strategic growth initiatives and higher level work.

There is less need for IT and operational staff to provide coverage after hours on nights and weekends, enhancing their quality of life and improving team morale.

Through the power of orchestration, workload automation is adept at coordinating the movement of data and files across dozens of unrelated systems and software platforms housed in multiple, diverse environments. Modern WLA&O tools are designed to ensure that the movement of data occurs when it's supposed to and in the proper sequence.

Workload automation and orchestration is the super app that ensures end users have a fast, seamless, and secure experience.

WLA&O also supports business continuity and disaster recovery processes, ensuring organizations have adequate data backup and redundancy in case of natural disasters and other localized outages.

WLA&O Can Automate Many Common Digital Banking Use Cases

Modern workload automation and orchestration solutions like OpCon are designed to streamline a wide range of digital banking processes that impact the employee and end user experience.





Within digital banking, these processes include:

- 1** *Card transaction posting*
- 2** *Loan/mortgage payment postings*
- 3** *Balance updates*
- 4** *Remote deposit capture (RDC) and mobile deposit posting*
- 5** *Close-of-business updates for loans and mortgages*
- 6** *Person-to-person (P2P) payments, including Zelle®*

OpCon has pre-built integrations and APIs with many of the leading bank and credit union cores, including Corelation KeyStone, Symitar from Jack Henry & Associates, and Fiserv DNA, as well as top-point solutions like FICS for mortgage origination and servicing.

Automation That Powers the Digital Bank

OpCon is a powerful, scalable workload automation and orchestration platform designed to streamline data capture and transfer processes across a virtually unlimited number of disparate software platforms.

This results in a better, more frictionless digital experience for customers and members, and less time devoted to manually transferring and reconciling data files.

“Before OpCon, we also spent a lot of time flowing data to and from vendors’ secure FTP sites. We had a full-time employee dedicated to this task because of all the manual intervention required. Now, OpCon handles the file transfers in a lot less time,” said Joni Van Ooyen, Assistant Vice President of Information Systems at CoVantage Credit Union.

With OpCon’s workload automation solution, CoVantage was able to redeploy one full-time employee to other responsibilities, saving over \$99,000 per year.

“Our mortgage servicers worked with SMA to automate our FICS processes,” says Sheri Strangstalien, Application Development Manager at Westby Co-op Credit Union. “This includes files transfers, real-time services (monitoring and stopping), and end-of-day, end-of-month, and end-of-quarter processes. They feel these efficiencies save them 30 to 45 minutes on a daily basis, as opposed to what could be hours spent in balancing and reconciling the two systems.”



Taking the First Step Toward a Personalized Digital Banking Future

Although the digital banking revolution is less than three decades old, it's come a long way. It's hard to remember a time when financial consumers needed to visit a branch to deposit their payroll check, make a loan payment, or verify a balance.

But the revolution still has far to go toward achieving a future of optimized personalization, where consumers are presented with customized offers catered to their specific preferences based on their unique life stage and life-cycle needs. To meet consumers' expectations of instant gratification and convenient access, banks must be able to deliver the right offers to the right people at the exact right time.

Community financial institutions looking to maintain and grow market share during this time of upheaval in consumer expectations must not sit back and accept the status quo. The winners in this new world will be those service providers that are able to offer the most compelling digital banking solutions that give consumers what they want when and how they want it—and deliver personalized offers and experiences faster than the competition.

To meet consumers' expectations of instant gratification and convenient access, banks must be able to deliver the right offers to the right people at the exact right time.

Automation is a powerful enabler of change for banks looking to achieve this ideal future state and the solution for financial institutions looking to provide their customers with a frictionless, faster digital banking experience. Workload automation and orchestration can be the catalyst toward achieving this ideal future state, as [90 percent of repeatable processes can be automated](#).

Why not get started on your workload automation journey today?

To schedule a demo of the powerful OpCon workload automation solution and begin your digital banking automation journey, click the button above to contact the workload automation experts at SMA.