

LEAVING HIGH-TOUCH BEHIND: HOW COVID-19 SHIFTED CEO PRIORITIES TOWARDS FRONT-END DIGITIZATION

By Glenn Bolstad, Ceo and Founder of Vikar Technologies

The COVID-19 pandemic and its heralding of virtual and digital services have left a profound impact on the banking industry. The tide is changing. CEO priorities have shifted towards a stronger sense of mass customer experience and away from the traditional in-person operations. Digital client and loan onboarding have become hallmarks of a great customer experience. And digitization opens doors for faster growth, allowing banks to virtually expand their access to clients without the need for a physical branch.

PRE-PANDEMIC

Pre-pandemic, we noticed that banks were primarily focused on optimizing their operations, cutting costs, and scaling. The goal was to automate and facilitate back-end offices while the front-end remained essentially unchanged. These banks were prioritizing the big deals—the \$60 million loans that required high-touch services. During the nationwide lockdowns, banks were forced to digitize front-end operations as well in order to survive the pandemic. And that digitization highlighted crucial benefits.

Early on, PPP underscored the need for banks to serve commercial loan clients remotely, quickly, and methodically. It forced many banks to face their fear of digitization. Many banks initially ramped up their employee numbers in order to accommodate the sudden influx. The traditional systems of numerous touchpoints quickly became an obstacle. And banks soon realized that simply “working harder” was not sufficient. Their systems needed to work smarter. With the aid of automation and digital technologies, employees could work more reasonable hours while still catering to a larger volume of customers.

The banks that adopted digital platforms found themselves riding the tidal wave of applications instead of drowning under the sudden onslaught. During the first phase of PPP alone, the banks that embraced modern technology had approved millions of applications and distributed hundreds of billions of loan proceeds. Without the aid of digital onboarding systems, banks would not have been able to handle the volume. Additionally, many of these banks realized that their digitization fulfilled their customers’ growing demand for fast, convenient, simplified commercial lending.

POST-PANDEMIC

As pandemic restrictions lessened, our pipeline became saturated with requests for digital client and loan onboarding tools. This is a clear shift in priorities. Where once CEOs focused primarily on

back-office operations, the focus is now squarely on mass customer experience. Instead of targeting a small number of large loans (which are very high-touch), banks are targeting a large number of small loans (which require very little face-to-face interaction). And digitized operations are much better suited to handling those large volumes of applications.

Despite the ongoing (albeit gradual) return to normal, the demand for digital tools continues to grow. What was once implied is now obvious: the vast majority of smaller clients prefer a more streamlined, efficient, digital approach.

INTO THE FUTURE

Last year’s e-commerce boom highlighted the fact that customers are eager for a more digital experience. More specifically, people are demanding the same convenience and ease they’ve been accustomed to as online consumers. And while digital lending may not fully replace person-to-person interaction, it presents banks with a massive opportunity.

By digitizing their operations and services, banks can convert the torrent of first-time PPP customers into long-term clients. Banks can scale operations without having to grow their staff or add a branch office. Banks can easily serve a much larger pool of customers. And banks’ capabilities are no longer constrained by their physical location.

As government lockdowns and mandates are lifted, the banking industry is not returning to normal, but rather stepping into the future of commercial lending. And the commercial lending engine of the future is digital, with the capability to drive growth and integrate itself within an ever-expanding ecosystem of banks, fintechs, and tech-savvy customers.



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