

Market commentary

Commercial banking is going digital

Since the advent of digital banking, consumer and retail banking has received the lion's share of digital transformation efforts. Initiatives were launched to provide ubiquitous customer experiences across online banking, mobile and branch while third parties were invited to the party to provide bleeding edge data-fueled experiences. Unfortunately, many financial institutions (FIs) during this time avoided such enhancements of their commercial banking platforms, assuming that customers simply needed basic business banking products and didn't care about digital transformation.

The reality is that commercial banking clients may be commercial by day, but they are also consumer by night. They've witnessed the digital revolution and now demand these same experiences and touchpoints be brought to their commercial

banking platforms. They expect more seamless experiences and automated workflows powered by open APIs, leading to more efficient back-office operations.

Many FIs have resisted internal and even customer calls to modernize their commercial banking platforms. Some have been expending resources simply trying to manage their book of business during an unprecedented pandemic, while others have been citing the need for maintaining the traditional relationship manager as the primary touchpoint. This is, frankly, an outdated way to view commercial banking in 2021, as technology exists to enhance customer relationships, not to throw cold water on them.

New commercial clients can be seamlessly onboarded with digital-first solutions. Through open APIs, FIs can create white-

glove technology-enabled workflows to help commercial clients implement the right digital banking tools for their business size and needs. Commercial banking integrations with trusted third parties provide holistic views of commercial clients, making lending more safe, secure and express.

With commercial borrowers and account holders onboarded, relationship managers are freed up to devote time to analyzing customer data and using technology to deliver products and services that are highly relevant. Commercial clients consume this advice and guidance within digital banking, and as a result, the platform itself becomes a staple of their daily routine. Just as with consumers, businesses operators react strongly to more engaging experiences and they will reward FIs with lengthy relationships and loyalty.



FIs can aid this by providing the intuitive digital tools needed to successfully run their businesses online. These include table stakes offerings like lending, treasury, cash management and AR/AP as well as cutting edge business intelligence systems for risk assessment and data management.

Additionally, it needs to be considered that an FI's commercial clients are often not monoliths. The "account" is more often than not made up of a complex web of roles and user entitlements that drive diverse needs and processes on the business side. FIs need to enlist strategic technology partners who take a platform approach to providing the diverse microservices needed to serve these unique individuals and their particular business banking needs.

Just as with consumer banking, commercial banking relies heavily on modernizing and digitizing the customer experience.

For every step of the customer's complex journey, FIs need technology that delivers digital-first touchpoints and bottom-line-rewarding solutions. Just as with consumer banking, this is the key to realizing and fulfilling loyal and long-lasting commercial banking relationships.

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