



INNOVATING THROUGH DIGITAL TRANSFORMATION

November 2, 2022

WHAT WE'LL DISCUSS

- Current Landscape
- Importance of Data Access
- Digital Transformation Roadmap
- Key Elements of Success

COMMON RECENT TRENDS

2020/2021

- COVID
- Government stimulus
- PPP loans
- Deposits
- Interest rates

2022

- Market correction
- Inflation
- Fed



COMPETITION

Fintech



Big Tech



BANKDIRECTOR 2021 TECHNOLOGY SURVEY

Strategy - Improving customer experience

68%

Don't have tools to serve millennials

57%

Not effectively using data

52%

Lack understanding of emerging tech

36%

Reliance on outdated technology

31%

View technology companies as vendors only

49%



ENABLING TECHNOLOGY

- **Loans**

- Real estate
- PPP
- Small Business
- Business
- Commercial real estate



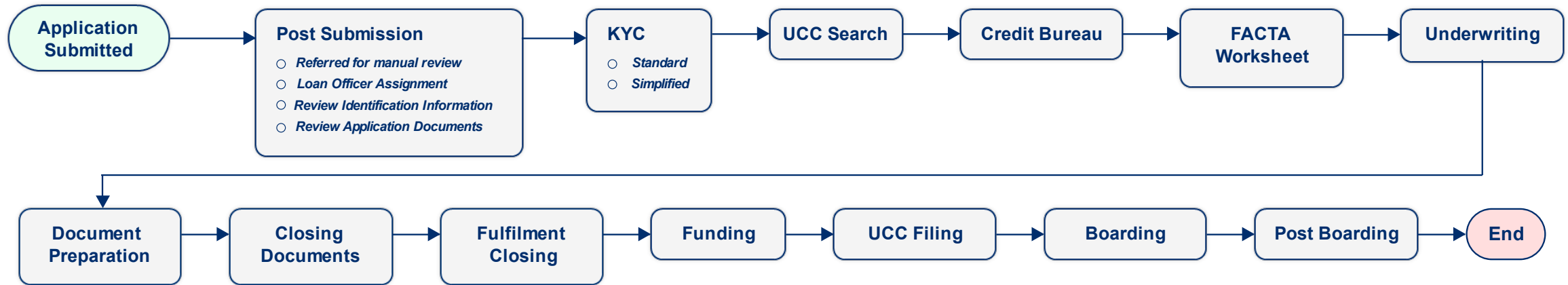
- **Deposits**

- Onboarding
- Banking as a service

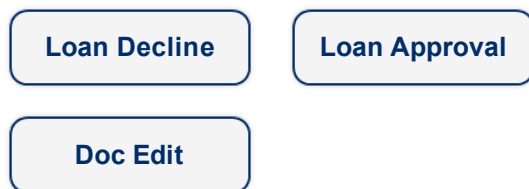


Back Office Lender Facing Workflow

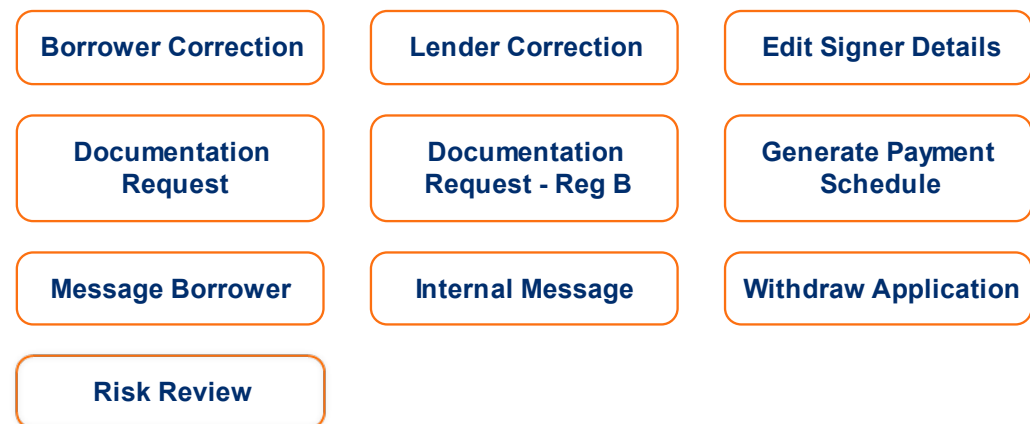
Back-Office Workflow - Summary



Other Tasks



Common Tasks



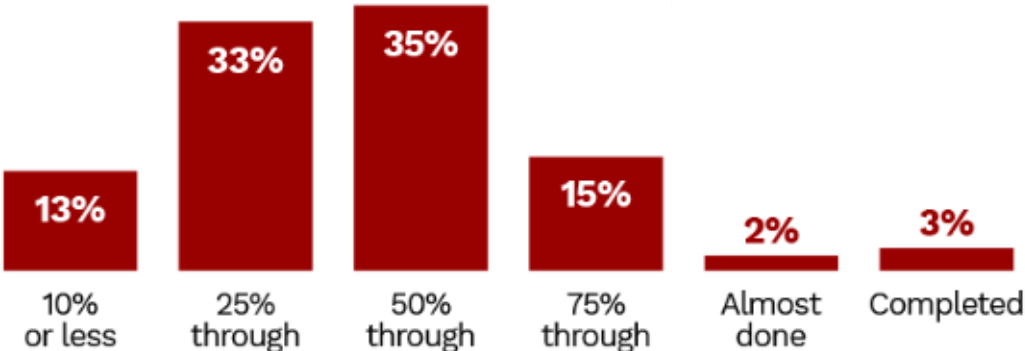
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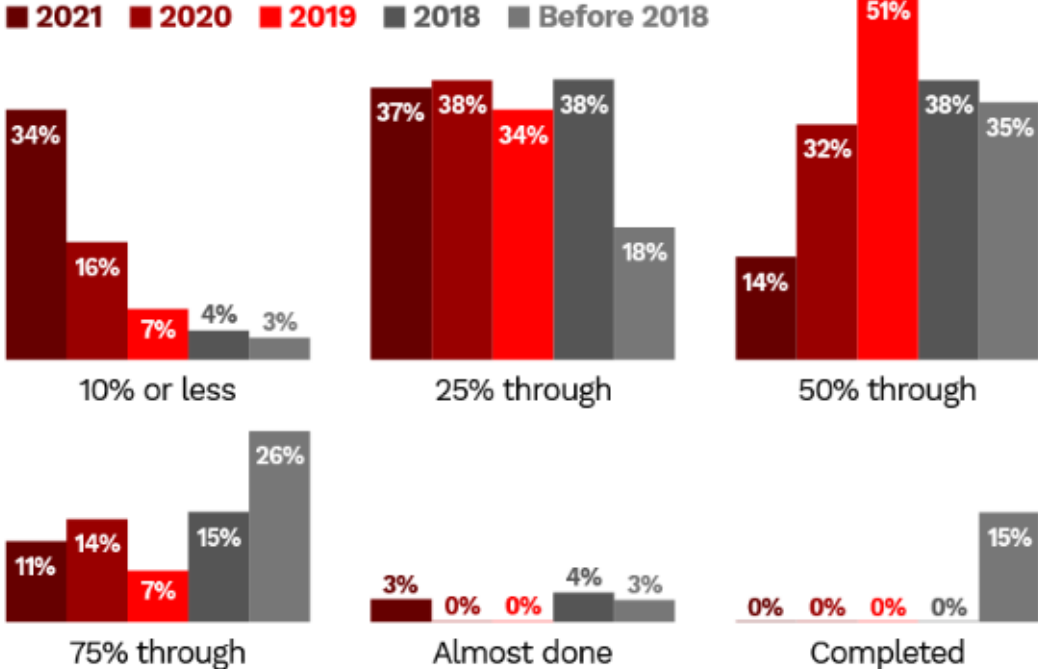


DIGITAL TRANSFORMATION STATS

How far along is digital transformation at your bank or credit union?



Progress in digital transformation by the year strategy began implementation



THE FINANCIAL BRAND © January 2022 SOURCE: Cornerstone Advisors

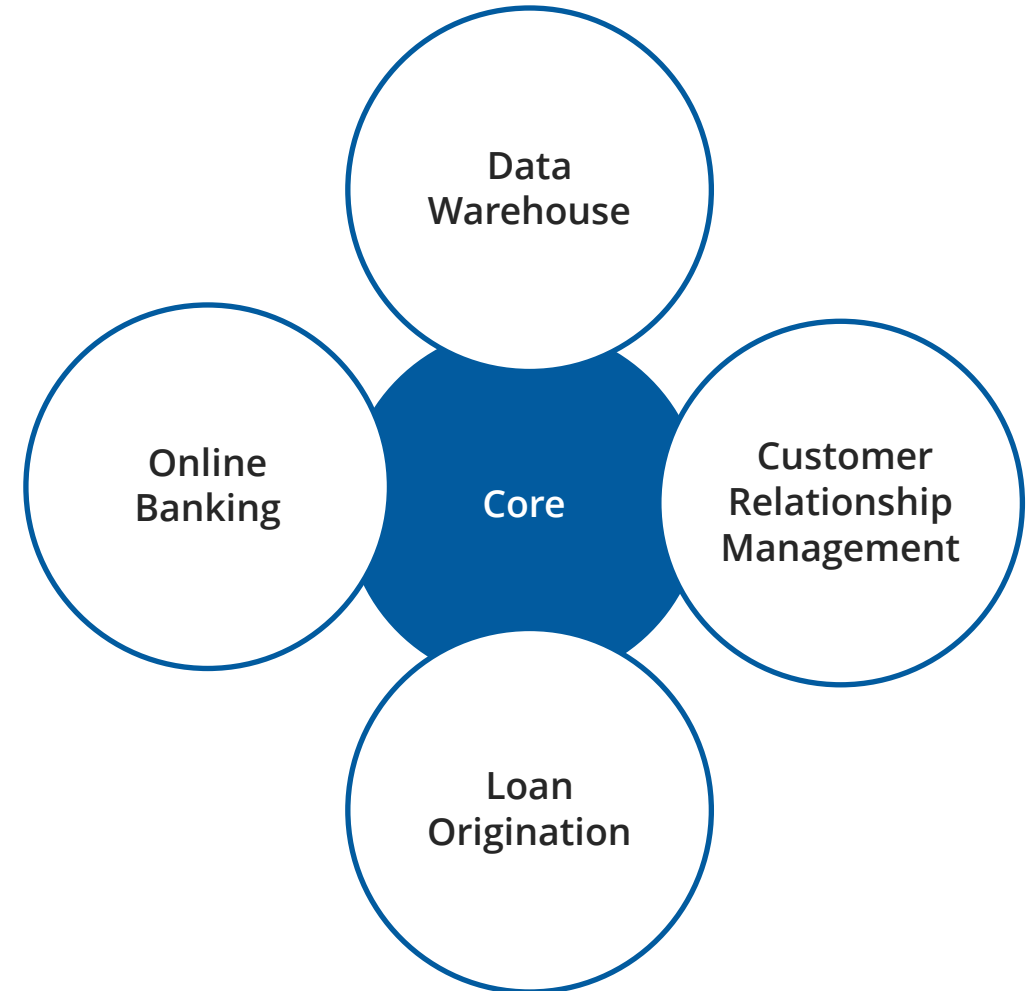
INNOVATION FRAMEWORK

- Strategy
- Customer
- Problem-solving
- Identity



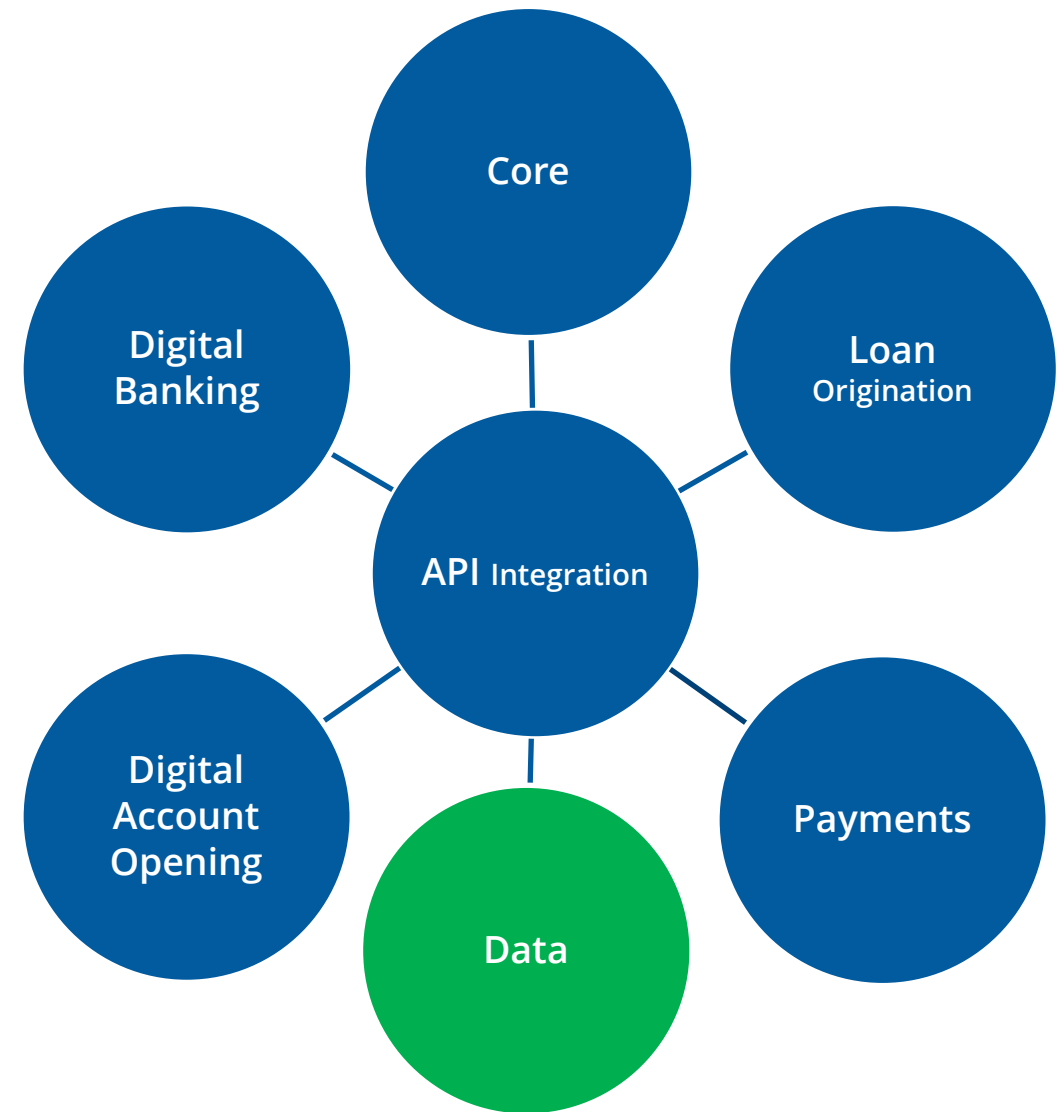
CURRENT STATE: LEGACY STACK

- **Data**
 - Inability to control data
 - Multiple silo databases
- **Inability to add technology**
 - Inability to integrate best outside solutions
 - Replacing a component requires re-writing every integration it touches
- **Unfair contract negotiations**



DIGITAL TRANSFORMATION: ALTERNATIVE STACK

- **Data**
 - Aggregated into a single warehouse
- **Best of breed technology**
 - Replacing a provider means re-writing one connector
 - Replacing core is more manageable
- **More leverage for contract negotiation**



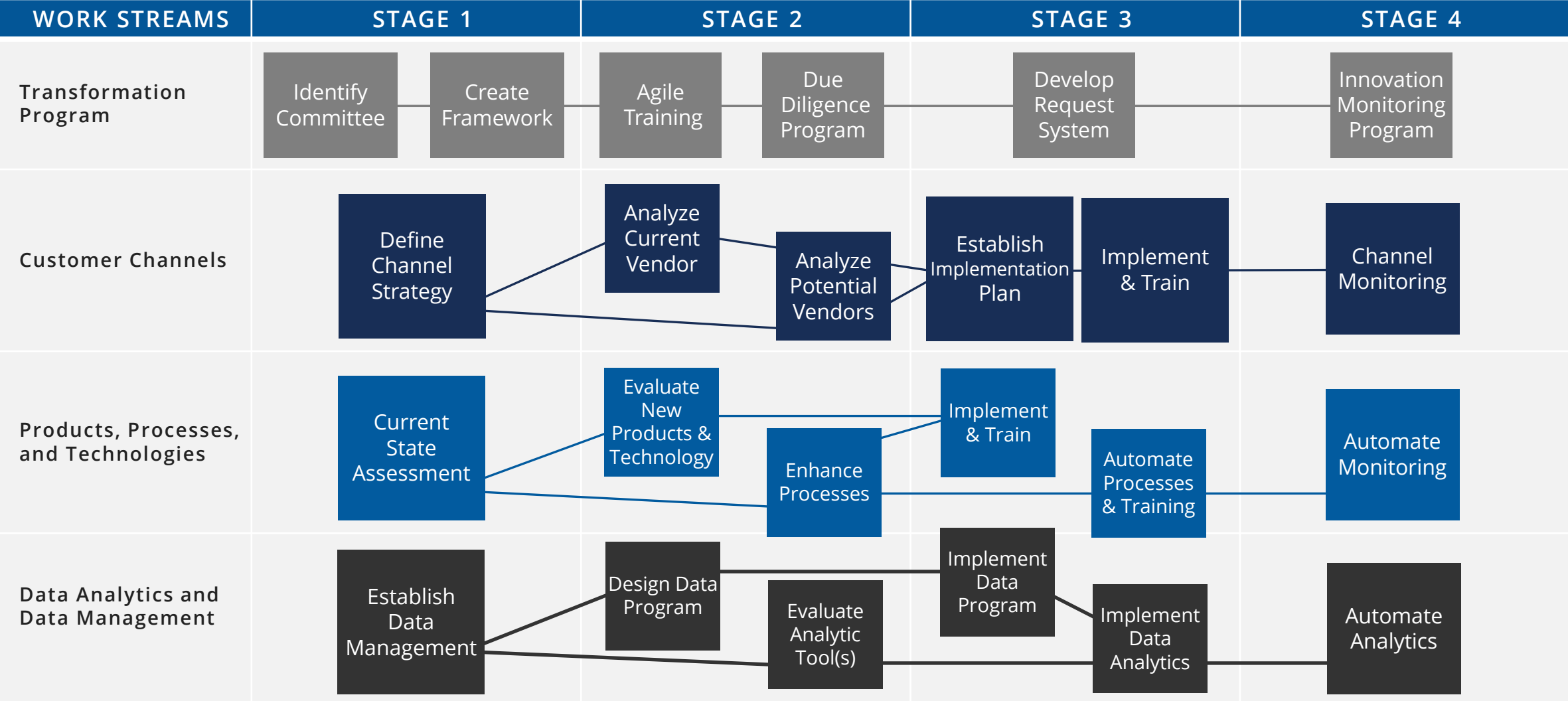
CORE PROVIDER ACTIVITIES

- “Can Banks’ Relationship with FIS, Fiserv, and Jack Henry be Fixed?”
- “Fiserv Enables Collaboration Among Financial Institutions and FinTechs with AppMarket Launch”
- “Jack Henry’s Core Unbundling Comes at a Crucial Time”
- “FIS’ Modern Banking Platform Now Available on the Microsoft Azure Cloud Platform”

A digital globe with a network overlay, featuring a grid of lines and dots in shades of blue and green, set against a dark blue background.

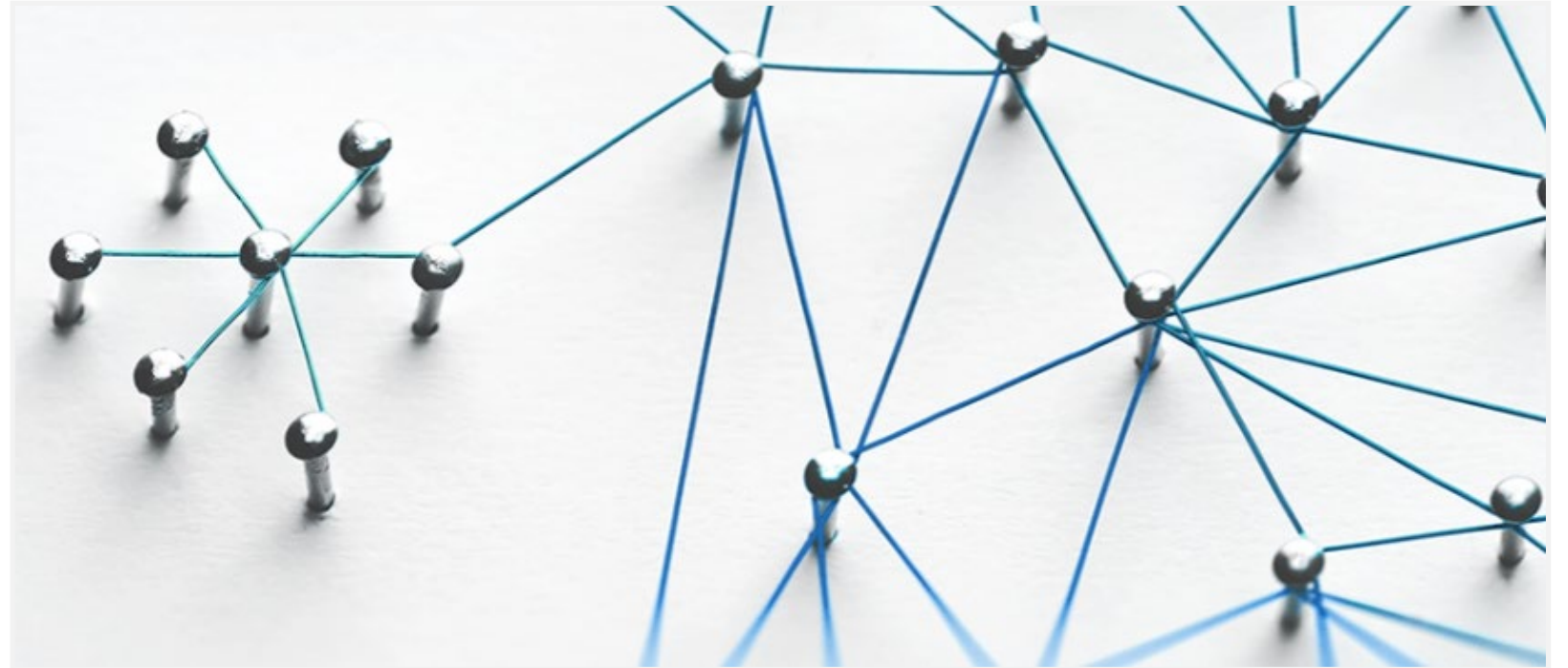
DIGITAL TRANSFORMATION ROADMAP

DIGITAL TRANSFORMATION ROADMAP



DIGITAL TRANSFORMATION: CULTURE

- Enterprise-wide
 - Board
 - IT
 - Risk
 - Finance
 - Operations
- Education
- Recruiting



TRANSFORMATION PROGRAM

Stage 1

- Identify Committee
- Create Framework

Stage 2

- Agile Training
- Due Diligence Program

Stage 3

- Develop Request System

Stage 4

- Innovation Monitoring Program
- Setting the tone at the top
- Creating accountability
- Establishing a buy-in
- Designing the program



CUSTOMER CHANNELS

Stage 1

- Define Channel Strategy

Stage 2

- Analyze Current Vendor
- Analyze Potential Vendors

Stage 3

- Establish Implementation Plan
- Implement & Train

Stage 4

- Channel Monitoring
- Omni Channel Banking
 - Strategy
 - Current Analysis
 - Best of Breed
- Integration/API
 - Online Real-Time
 - Batch



PRODUCT, PROCESSES & TECHNOLOGIES

Stage 1

- Current State Assessment

Stage 2

- Evaluate New Products & Technology
- Enhance Processes

Stage 3

- Implement & Train
- Automate Processes & Training

Stage 4

- Automate Monitoring

- All about perspective
- Optimizing processes
- Utilizing best of breed
- Continuing to modernize

DIGITALIZATION PROGRAM



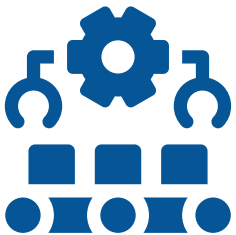
Identify
Desired State



Evaluate Current
Process & Options



Roadmap
Implementation
Plan



Automate
Processes

OPTIMIZING PROCESSES USING RPA



Educate Your Team



Pick a Pilot



Identify a Tool/
Partner



Apply Lessons Learned
and Expand



Analyze Processes and
Identify Improvement Areas



Monitor and Update

DATA ANALYTICS & MANAGEMENT

Stage 1

- Establish Data Management

Stage 2

- Design Data Program
- Evaluate Analytic Tool(s)

Stage 3

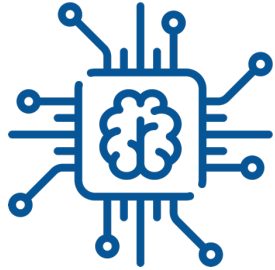
- Implement Data Program

Stage 4

- Automate Analytics

- **Collaboration and Communication**
- **Increased Productivity**
- **Improved Decision Making**
- **Ability to Spot Control Gaps**

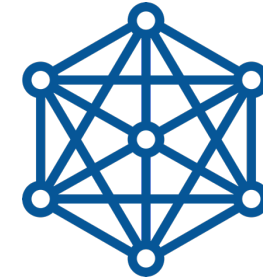
DATA DRIVES DECISIONS



Artificial Intelligence



Automatic Process



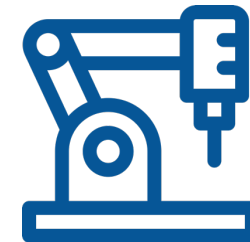
Big Data



Data Analytics



Machine Learning



Robotic Process Automation

DATA ANALYTIC PROGRAM PITFALLS

- Perceived need to be using data analytics
- Unengaged or absent stakeholders
- Unrealistic expectations
- Inaccessible or bad data
- Weak assumptions



NEXT STEPS

- Establish the Vision and Identity of the Bank
- Identify the Current State of Significant Processes
- Update Processes to Leverage Data and Technology
- Establish Data Governance and Enable Your Data to Drive Decisions



THANK YOU!



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