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MYTH VS. OPPORTUNITY
The Move to Digital Banking and Payments

"Eager." "Savvy." "A digital adopter."

This is how 59 percent of US business leaders described themselves when it came to digital banking and payments, according to a recent JPMorgan Chase survey. Another 27 percent indicated they were "willing to learn" more about such technologies. And yet nearly half said they did not plan to increase their company's use of digital banking.

Though digital disruption is a real and looming business threat, something's holding these businesses back. What is it?

Concerns about cybersecurity, for one. Seventy percent of executives said they were "extremely" or "very concerned" about cybersecurity threats, ranging from malware to internal fraud.

Two, business leaders worried that going digital might alienate customers who weren't ready to make that shift.

And three, people don't know what they don't know. Key decision-makers questioned whether digital banking could handle their most complex business needs.

The Tough Stuff of Legacy

Older legacy technology can pose a greater risk of data breach compared with moving to a new solution. As software and hardware systems age, vendors may provide less support, such as patches to fix known vulnerabilities or functionality upgrades. Consider the WannaCry ransomware attack of May 2017, which affected more than 200,000 computers across 150 countries and resulted in hundreds of millions of dollars in damages. The attack was particularly lethal to organizations running unsupported versions of Microsoft Windows.

Eager but Also Cautious[1]

59%
of US business leaders described themselves as an "**eager, savvy digital adopter**" when it came to digital banking in 2018,

and

99%
of leaders said they conducted some degree of their business banking online,

yet

45%
of these same leaders had no plans to increase their companies' use of online banking.

Be Cautious—but Don't Get Left Behind

CFOs are right to approach new technology with care. They are guardians of their companies' fiscal health, and there's a glut of technology solutions on the market being promoted by vendors whose job is to persuade them to buy. Smart evaluation and investment require a thorough accounting of a business—its objectives, its systems and its people. No small undertaking.

At the same time, CFOs recognize that many of their competitors are already reaping the benefits of digital banking and payments. And any newcomers will hit the market fully automated and unencumbered by older legacy systems.

How do you practice caution without being left behind?

It helps to have an experienced guide. Today's commercial bankers are tech savvy and know how to help a company move with clarity and confidence down a logical path to adopting the right digital solutions. They can help you understand and overcome the perceived barriers holding you back from transforming your business.

THE MYTH: "I'm worried about exposing my business to cybersecurity threats."

Reports of malware attacks, phishing scams and other online threats make headlines daily. So it's no wonder many executives are leery of potentially exposing their financial records and customer data to attack via a cloud-based banking and payment system.

THE OPPORTUNITY: Integrate cybersecurity into your technology and culture.

The latest technology solutions have robust security protections built in. As new cybersecurity threats arise, cloud-based digital banking and payment systems are frequently and rapidly updated—with minimal to no interruption to your business.

Also, the way to stay secure is not to avoid technology investment. It's to build a strong security mindset. Address security concerns head-on, and make best practices part of your company culture. For example:

- **Train employees to recognize and counteract suspicious behavior.** Most cyberattacks can be prevented by making sure people recognize the signs. Every employee should know how to spot email phishing scams and spoofed websites. Bring in security experts annually to train IT staff on emerging threats and preventive tools.

- **Develop a cyberattack-preparedness plan.** Identify worst-case scenarios for your business—a breach of customer credit card information, a denial-of-

service attack that shuts down your website, theft of intellectual property. With the guidance of a cybersecurity expert, craft step-by-step responses and make sure all employees know how to carry out their part of the plan.

- **Make cybersecurity and anti-fraud education a real practice in the workplace.** Encourage employees to ask questions, raise concerns and speak openly. Ensure they consistently know and follow best practices. For example, unusual payment instructions should be validated with the sender in person or by calling a trusted telephone number.

More than

80%

of organizations said they were victims of payment fraud in 2018.[2] Digital fraud-prevention tools add layers of protection.

THE MYTH: "I don't know whether our customers are ready for digital."

As recently as a few years ago, digital solutions mainly solved internal problems. How those systems served customers was, at best, a secondary consideration.

THE OPPORTUNITY: Give customers and clients a voice in your technology plans.

Today, the businesses disrupting their industries are also the ones hyper-focused on creating better customer experiences. And they're using technology to do it.

A prime case in point is digitizing and automating your company's payment processes. What feels like a challenge is actually a golden opportunity to, yes, boost internal efficiency and also make it easier, faster and more satisfying for your customers to do business with you.

If you're unsure whether your customers and clients truly want—or are ready—to drop paper checks and invoicing, there are ways to bring them into the process. Ways that can give you extra confidence that you'll be delivering a digital experience they'll love:

- **Invite your customers to be your co-creators.** When you directly involve customers and partners in shaping your approach to financial technology, the result is an alignment of your systems with how your customers want to do business. Just as important, you are showing them that you care, which will likely inspire fierce loyalty.

- **Establish advisory councils.** Bring valued stakeholders from a diverse range of geographies, demographics and social backgrounds together to talk about what kind of payment experience they want from your business. Plow that feedback into the design process, and regularly bring it back to your advisory councils for their responses.

- **Recruit "super users" inside and outside your company.** Give selected customers and partners the chance to test your company's prototype digital systems and share their experiences. You'll gain unvarnished opinions on what's working and what needs to be improved or abandoned.

THE MYTH: "Our business is complex, and building meaningful relationships can't be accomplished online."

Every business works hard to carve out its distinctive strategy and customer service approach. Thus, many executives are leery of altering their companies' recipes for success by moving these highly nuanced and complex activities online.

THE OPPORTUNITY: Use digital solutions to support the overall strategy and deepen customer relationships.

Some aspects of banking and payments will always require a human touch and face-to-face interaction. However, new technology solutions can reduce the time your employees spend on routine tasks, such as entering customer information into the system or reconciling accounts. Which can mean more time for your employees to provide customers with the highest level of service.

Transform your process and customer experience with digital banking and payments:

- **Improve customer and client onboarding.** Automated tools reduce the time and number of steps involved in collecting customer information. For example, robotic automation software accurately digitizes information from paper forms. Once that data is captured, it can be used to prepopulate invoices, service requests and customer profiles.

- **Create more targeted marketing and sales campaigns.** Technology that incorporates machine learning can help guide customers to more useful information by gathering insightful details about a customer's background, interests and search habits. You can then use those insights to create personalized messages and relevant content.

- **Give customers a payment choice, and speed up reconciliation.** Even if many customers and partners still use paper checks, the trend toward electronic payments is accelerating every day. Providing faster, more flexible online payment options can differentiate your business from competitors and allow you to reconcile accounts faster and increase your financial liquidity.

Where to Begin?
A Banking Partner With Digital Solutions Expertise

Digital technologies are transforming every industry. To help your business catch this wave rather than get swept under by it, turn to your banker. An ideal banking partner should have deep knowledge of digital systems and work closely with leading solutions providers.

An experienced, tech-savvy commercial banking firm can help you model the ROI benefits of efficiency, savings, speed and higher profitability that new online solutions can create. They will be diligent and thorough about getting to know your business inside and out. And they should be able to work with you on identifying the right cash management and payment solutions for your business today and your vision for the next decade.

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1 https://www.jpmorgan.com/commercial-banking/insights/trends-digital-business-banking
2 https://www.jpmorgan.com/content/dam/jpm/commercial-banking/documents/fraud-protection/2019-afp-final-report-highlights.pdf