

# There's No Excuse Why Your Organization Can't Embrace Digital Transformation

In recent research studies by the Digital Banking Report, it is becoming increasingly clear that the majority of financial institutions know they must become digital organizations. These same organizations also are aware of what it will take to move forward ... but are at a standstill when it comes to progress. What stands in the way? Here are some often mentioned excuses.

By [Jim Marous](#), Co-Publisher of [The Financial Brand](#) and Owner/Publisher of the [Digital Banking Report](#)

Organizations in every industry are being impacted by modern technology, the application of data and insights, and new channels of distribution. While there are dozens of examples of organizations that have gone out of business by not keeping pace with innovation, there are exponentially more that have not been negatively impacted like Blockbuster, Kodak, Borders, Xerox, Nokia and Toys "R" Us ... yet.

Often, this complacency is caused by historical success. For instance, while the banking industry has had challenges through the years, most financial institutions have made good profits over the last decade ... and financial prospects continue to look good in the near term. The way banks and credit unions have done business through the years have served them well, so why should any institution fix what isn't broken? More importantly, why should an organization take on additional risk when the outcome may be less certain than what has been a constant series of profitable quarters?

On the other hand, many banks and credit unions are beginning to find themselves behind the curve, losing market share to competitors who are more technologically advanced and more customer-centric. Catching up is not easy though, as organizations realize that it takes more than investing in new technology to become a digital organization. It requires new platforms, new back-office processes and, in many cases, new people and skill sets.

Taking a 'wait and see' perspective or being a 'fast follower' are no longer viable strategies. In a digital world, proactivity, flexibility and agility win the day. If digital transformation is not a part of your overarching mission, your organization may never catch up to consumer expectations or competitive alternatives.

The first step on a digital transformation journey is to stop making excuses for not moving forward. Here are some of the excuses we often hear, and why they are no longer valid.

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- [Digital Future of Banking Requires New Leadership Model](#)
- [5 Cultural Shifts Needed to Achieve a True Customer Experience Mindset](#)
- [What Makes A Great Digital Banking Transformation Leader?](#)

## 1. "This is the way we've always done business."

Hanging on to tradition and legacy ways of doing business sometimes makes sense. For instance, a value system, ethics and attention to customer and member needs are worthy of continued emphasis. But legacy processes can stand in the way of progress and revenues.

New ways of collecting and analyzing data allow financial institutions to view consumers on a highly personalized level. Real-time insights and advanced analytics can also help reduce risks, identify opportunities and provide a level of customer experience that is far superior to what was possible in the past. With data and insights as the foundation, financial institutions can move from a 'sales mentality' to a 'trusted advisor' role, providing contextual recommendations that will expand relationships, generate revenues and build loyalty.

Overcoming the discomfort that comes from moving beyond past success is not easy for individuals or an organization. That said, it is imperative that senior executives, boards of directors and other managers within the organization convince themselves and those around them of the value of digital transformation as part of an overall cultural disruption.

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## 2. "We don't have the talent or skill sets."

While this excuse is fundamentally true for most organizations, there are alternative ways to build and implement the changes required for digital transformation.

At the most recent Financial Brand Forum, it was abundantly clear that solution providers are working together to build best-in-class solutions that can 'jump start' digital transformation at virtually any size organization. In addition, most of these organizations are adding highly skilled specialists that can assist financial institutions in becoming digital organizations. From coders to data analysts to strategists, these people can supplement and compliment the teams already in place at financial institutions.

Many organizations have also found ways to integrate their solutions with legacy back-office systems, reducing the lead time (and costs) for technology upgrades. Finally, many solution providers are building collaborative relationships with fintech organizations. Not only does this bring even more talent to the table, it also serves as a way for solution providers to do the vetting of potential fintech partners that can bring new innovations to a traditional bank or credit union.

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- [Why Ally Bank's CMO is Really Their 'Chief Disruption Officer'](#)
- [Digital Banking Transformation: Where Should You Start?](#)
- [6 Ways Banks & Credit Unions Can Slay Their Digital Demons](#)

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## 3. "Our customers/members aren't complaining."

Many customers or members still do some of their transactions as they always have ... they just do fewer of them the 'old fashioned' way (in a branch or on the phone). If your bank or credit union isn't growing, it may be because you are not keeping up with the needs of the largest growing segments. Consumers don't always complain about not having their needs met, they just diversify who they do business with. In addition, new prospective customers may never let you know you 'lost' their business because you couldn't meet their digital needs.

If you are growing, are you growing as efficiently as you could if your organization was more digital? Not only is the cost of acquisition much lower for digital acquisition, the cost to serve a customer is also lower. Eventually, your organization will not be competitive from a operating margin perspective, making it harder to compete and serve. What ways could digital transformation help increase efficiencies, reduce redundancies, and improve operations ... all of which impact the overall customer experience?

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## 4. "There is increased risk with digital transformation."

In reality, the origination of many digital transformation efforts started in the risk and compliance areas. From credit risk assessment to standardizing compliance measures and managing business risk, the combination of data, analytics and new technologies have helped financial organizations to keep pace with security and privacy issues.

In addition, with the advancement of biometrics, blockchain technology and other digital advances, most transactions and back office operations are less risky with new technology support. It goes without saying that the elimination of paper and other analogue processes are much less risky when converted to digital.

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## 5. "It costs too much."

There is no denying that the cost of digital transformation is not small. That said, many of the components of digital transformation can pay for themselves. For instance, artificial intelligence and robotic process automation can reduce costs for redundant jobs, making remaining jobs more strategic, intelligent, and human-focused.

In addition, automation and advanced analytics creates more useful and timely data. The more data you have running through your systems, the more data-backed decisions your organization can make, saving time and money. Finally, the cost of every type of digital transformation is significantly less than it was only a few years ago. Organizations of all sizes are now in a position to invest in technology that was only available to the largest financial institutions only 5 years ago.

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## There's No Excuse

Most organizations have logically determined that digital transformation is a necessity some time ago. Unfortunately, embracing the changes that are occurring during a period of sustained success is a tall hurdle to clear. That is why it is crucial that leadership stop making excuses and build the cultural and operational foundation that can bring their entire company onboard.

The longer organizations wait to take that next step, the harder it will be to catch up to what consumers expect and competition is delivering. You will increasingly fall behind the marketplace curve. Customers already have high expectations for digital experiences set by the tech firms they partner with every day. Not meeting these expectations could set your organization up to be the next Kodak, Borders, Blockbuster or Palm.

It's time to let go of the past and embrace the future. As daunting as digital transformation can look, moving forward immediately is essential for any bank or credit union that wants to remain competitive, especially in a marketplace where customer experience is becoming the differentiator.

There's no excuse.

Jim Marous is co-publisher of [The Financial Brand](#) and publisher of the [Digital Banking Report](#), a subscription-based publication that provides deep insights into the digitization of banking, with over 150 reports in the [digital archive](#) available to subscribers. You can follow Jim on [Twitter](#) and [LinkedIn](#), or visit his [professional website](#).



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