

Speaker 1:

You're listening to Banking on Digital Growth with James Robert Lay, a podcast that empowers financial brand marketing, sales, and leadership teams to maximize their digital growth potential by generating 10 times more loans and deposits. Today's episode is part of the Buy the Book series, where James Robert unlocks and shares the secrets of digital marketing and sales strategies for financial brands from his bestselling book Banking on Digital Growth: The Strategic Marketing Manifesto to Transform Financial Brands, that is now available on Amazon. Let's get into the show.

James Robert Lay:

Greetings and hello. I am James Robert Lay, and welcome to the 21st episode of the Banking on Digital Growth podcast. Today's episode is part of the Buy the Book series where I share insights from my bestselling book, Banking on Digital Growth: The Strategic Marketing Manifesto to Transform Financial Brands. I'd like to start off today by giving a shout-out to Rami T for his Amazon book review. Rami writes, "For someone who has been in the financial industry, the digital transformation sector, this book is a must. I always talk to my clients that you could have the best online and mobile banking channels, still, without the right audience and customer base to use them, these channels will be useless and will bring no added value to customers more than checking their account balance or making a bill payment transfer."

James Robert Lay:

Rami continues, "My approach working with clients has always been we plan, we build, we grow, and digital marketing plays a role in each of these stages." Rami shares, "I was so pleased to finally find a book that addresses how digital marketing can help you build that lasting relationship with your clients and truly nurture it to provide them with the personalized experience they seek. This is a must-read for every banking executive, regardless of job function. As financial institutions need to embrace a growth mentality across all functions." Rami ends, "I will be recommending this book to my clients."

James Robert Lay:

Well, Rami, thank you so much for the kind words, and I'm glad that you have found this helpful. You would also share that this was a go-to guide. And speaking of guides, that's what I want to do, dear listener, on this podcast. I want to guide you and those that you work with beyond what I call digital denial. Now, digital denial is actually closely tied to the three future growth pitfalls that I had unpacked in episode number 19. We get trapped in digital denial when we're shortsighted, and we don't see the enormous digital growth potential ahead for really what it is. A lot of times we'll try this, we'll try that, we'll dabble. But we give up when it doesn't yield results quick enough. That's such a mistake. When any industry is transformed by disruption, inevitably the digital growth potential will always, it'll always appear limited at first and deceptively so.

James Robert Lay:

You see, when we're thinking about digital growth, we're thinking about digital transformation. Value creation out of the gate is most likely going to lag for some period of time. And in some cases, it might be nonexistent or even if there's a tremendous upfront cost to establish new foundational systems, processes, habits, it could feel like an enormous weight that just drags us all down. But don't be fooled, this is one of the deadliest blind spots, but also the most common. See, what happens when digital denial is permeating within the leadership team at a financial brand, the leadership team mistakenly makes their most important decisions based on past performance, based on past success.

James Robert Lay:

This is very understandable as these folks, mind you, they've built their entire career on past performance. But now they're in a situation where they're stuck in the present moment. But they're making these strategic present day decisions, whether that be around marketing, sales, growth models, rooted in past perspectives, past experiences, which have really been informed by earlier successes that are no longer relevant or even useful anymore, specifically in this post-COVID world. So, what do you think happens when they do that? Well, it really just depends. The result of their decisions, they might not be disastrous. They may as well continue down a path of, we'll call it just incremental linear growth. The trend line will nudge up. They'll get that 2X performance versus the 10X that I've spoken about in previous podcast episodes. But that's it.

James Robert Lay:

They're not taking advantage, and this is the key, they're not taking advantage of the exponential growth curve that digital makes possible. You see, in digital value creation, there's a deceptive doubling effect, referring back to Peter Diamandis and Steven Kotler's book, The 6 Ds model, which I noted an episode number 18, where digital first appears to bring a loss. But then the value and the growth generated by digital becomes twice as great, which becomes four times as great, then eight, then 16. It's the doubling pattern which will continue until you reach a point where digital growth becomes the primary driver of growth and eventually crushes the old legacy growth model built around the physical world.

James Robert Lay:

Let's look at Amazon, for example. According to the street.com, without AWS and without the Prime membership program, Amazon lost around \$2 billion in Q1 of 2018. Now, this loss is really rooted in the retail side of their business, which interesting, makes up about 60% of their entire revenue model. Put this another way, 60% of Amazon's total business operated at a loss. However, they have offset these losses with multiple diverse revenue streams like AWS, Amazon Web Services, and their Prime membership program. So what Amazon is doing and really what they have done since the very beginning is they're playing the long game, which is opposite of what we see a lot of risk-averse financial brand leaders who are looking at the situation in the present moment. But they're being informed by past decisions, so they play the short game.

James Robert Lay:

And when we're stuck in the present moment, we really risk getting crushed, getting run over, and never even making it into the future. It's a heads down versus a heads up way of operating. But unfortunately, I'm still seeing, it's very typical of today's legacy leaders. They stay heads down. They're trapped in the here and now. They're using past and previous biases and previous wins and successes for their decision-making instead of being heads up, looking towards the future, and seeing exponential change for what it is. And it's this heads-down approach that results in the drowning of the deep overwhelm that I discussed in episode number 19.

James Robert Lay:

It's true that business leaders across the board in multiple verticals and multiple industries... According to a report from Duke University, they found that 97% of business leaders believe strategy is important. That's great, but 96% don't feel like they have the time to think strategically. If you have not listened to episode number 19, I go deep, deep. It's a fairly lengthy episode, but it's all about the importance of breaking free from the doing, breaking free from the here and now, the here and now, which is

oftentimes informed by the past, to create that space and time to review, to reflect, to learn, to think so that we can do even better going forward.

James Robert Lay:

Now, leaders at financial brands would be wise to buck this trend and sure they're... Bankers by default, I get it, they're going to be more risk adverse. It's what we do, we limit risk. We're dealing with people's money. But it may be for a lot that the limiting of risk becomes a liability, it becomes a cost. And that is what will take so many down in the coming years. I implore you, please do not let our strength become our greatest weakness or a fatal flaw.

Speaker 1:

Technology has transformed our world, and digital has changed the way consumers shop for and buy financial services forever. Now consumers make purchase decisions long before they walk into a branch, if they walk into a branch at all. But your financial brand still wants to grow loans and deposits. We get it, digital growth can feel confusing, frustrating, and overwhelming for any financial brand marketing and sales leader. But it doesn't have to, because James Robert wrote the book that guides you every step of the way along your digital growth journey. Visit www.digitalgrowth.com to get a preview of his bestselling book, *Banking on Digital Growth*, or order a copy right now for you and your team from Amazon. Inside, you'll find a strategic marketing manifesto that was written to transform financial brands, and it is packed full of practical and proven insights you can start using today to confidently generate 10 times more loans and deposits. Now, back to the show.

James Robert Lay:

We've been lucky to have avoided a lot of the pain, a lot of the misery, for example, that the music industry went through, that I spoke about on episode number 16. We've had the luxury to learn from the failures of brands that have been down this journey before that aren't with us today, the Blockbusters, the Borders, the Toys "R" Us. When it comes down to it, this is what legacy banks and credit unions have been doing historically, they're essentially retail or retail-like institutions that like Blockbusters, Borders, Toys "R" Us, historically have been built for the physical world. As anyone who has read the news in recent years knows, the retail sector is in trouble these days, specifically post COVID. I was just reading a report recently, Brooks Brothers, another well-known brand, has filed for bankruptcy.

James Robert Lay:

But it's interesting because Simon Malls is picking up these bankrupt brands like Brooks Brothers, the Buckle, for pennies on the dollar. What Simon is trying to do is to capture all of this because Simon's Malls, they want to be the last mall standing. Now, when we look at these legacy retail brands, Blockbuster... And we are, we're going through a retail apocalypse right now. And what these legacy retail brands lacked was leadership. That is why there's a direct distinction between financial brand leadership and management, where we really must look at this in two areas, managers operate in the present moment to avoid risk and loss. On the other hand, those in leadership positions look ahead to create the future that does not yet exist. Let me be very clear here, one is not better than the other. Great leaders need great managers to apply their strategic thinking, to ensure it becomes a reality, their vision becomes a reality, while great managers need great leaders to ensure that they don't get stuck in the present moment and make decisions informed by the past.

James Robert Lay:

This isn't happening nearly enough, and it's one of my biggest concerns for financial brands in today's post-COVID world, in this digital economy. Because the number of managers managing financial brands in the present moment, for the present moment, informed by the past far outweigh the number of leaders leading their financial brands with courage, with confidence to create a bigger, better, brighter future. How then have financial brands not yet been decimated by digital disruption? That is a really big question to ask. For one, banking is a very different kind of consumer experience than, say, listening to a song, watching a movie, ordering food, ordering a book. The level of risk when it comes to banking from the perspective of the consumer is obviously much higher, because they're trusting you, they're trusting your financial brand with their life savings.

James Robert Lay:

But a lot of that risk is also just perception. And here's the thing, that perception of risk is rapidly changing. Just think for a moment, it used to be that people were scared to use their credit card online, and now we know how ubiquitous e-commerce is across almost every industry. Still, perception is perception, and perception shapes reality. And consumer research, at least pre-COVID, showed that when it came to banking, people, including millennials, wanted to have a physical branch location. It's going to be interesting to see how this plays out post-COVID as new behaviors and habits are formed. But pre-COVID, it's not entirely logical why this was the case. People were already doing online banking, mobile banking, but they were reassured to know that a physical branch was there. They could drive by and say, "Hey, it's nice to see the building and think that that's where they keep my money." Even though we all know that the money is not kept there. But like I said, this isn't logical. And when we're dealing with consumers, we're dealing with illogical beings.

James Robert Lay:

The other thing that I want to note is the perspective of government regulation and how that has slowed down the pace of disruption in the financial marketplace. That also is changing, and we're seeing some of that coming out post-COVID with the charter for non-bank FinTech firms and more entering the marketplace. The fact of the matter is financial brands can no longer stave off this coming demise much longer. Either we're going to have to make some courageous decisions and lead, or we're going to get left behind. Like it or not, when it comes to digital growth, it really is the survival of the fittest out there. And that, that idea of the survival of the fittest, what I call digital Darwinism, is the topic that we will discuss on the next episode of the Buy the Book series. Because I don't want you, I don't want your financial brand to end up like the dinosaurs. Until next time, be well, do good, and wash your hands.

Speaker 1:

Thank you for listening to another episode of Banking on Digital Growth with James Robert Lay. Like what you hear? Tell a friend about the podcast, and leave us a review on Apple Podcasts, Google Podcasts, or Spotify, and subscribe while you're there. To get even more practical and proven insights, visit www.digitalgrowth.com to grab a preview of James Robert's bestselling book, Banking on Digital Growth, or order a copy right now for you and your team from Amazon. Inside, you'll find a strategic marketing and sales blueprint framed around 12 key areas of focus that empower you to confidently generate 10 times more loans and deposits. Until next time, be well and do good.