

Q2

COVID-19 FI Checklist

10 Best Practices for a Pandemic Digital Enablement Package

The COVID-19 pandemic has forced a new reality on people and businesses everywhere, and no one is feeling more pressure to adapt than financial institutions (FIs).

Overnight, online and mobile banking has become a lifeline, not an optional service channel, for account holders. Forced to work from home, many employees are dealing with diminished service capabilities due to a lack of access to critical systems and processes. Budgets are being frozen as uncertainty around the length and impact of the crisis continues. All the while, consumer uncertainty around the health of the global economy only serves to emphasize the criticality of our financial institutions.

In a time like this, it's difficult to know where to focus in order to mitigate risk, maintain service levels, and move forward. However, over the course of hundreds of conversations with our clients in recent weeks, a few consistent themes have come up time and time again.

Digital is the new normal

Digital is the new normal—and not just as a channel to interact with account holders, but as a way of doing business. It is now THE primary sales and service channel and will be for months to come. Meanwhile, FI employees are being forced to work from home, shining a spotlight on processes that are difficult to execute outside of the branch. With social distancing enforcement, a workflow requiring a branch visit or human intervention simply can't be completed. The front- and back-end processes to open an account or issue a loan have to be digitized.

If COVID-19 has made one thing abundantly clear, it's that "digital banking," today, is simply banking. The two aren't distinct concepts or channels; they're synonymous. As things "go back to normal," and we move beyond the immediacy of this crisis, it's likely many users will not return to branches. It is prudent to plan as if the majority won't.



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Now is the time to shout about what you have.

Many FIs have invested massive amounts of time, money, and energy in building out their digital capabilities over the past decade. Now is the time to introduce and share what you have built with your account holders. Coach them, teach them, and share the benefits of digital. Talking to a banker can be comforting, but because face-to-face isn't an option, moving them to digital is the best way to give them advice, access, and instill confidence.

If you're like most FIs, you still have a large segment of your account holder base—retail and commercial—who either don't use, or underuse, digital banking. Getting information in front of them on how to enroll and navigate is essential to maintaining your relationship with them and giving them the control and visibility they need. Many of our clients are sprinting to assess all of the digital tools that they have in place and determine which are most important to highlight in the current situation. To start, complete a quick inventory of all the capabilities you possess and prioritize which are most important to put in front of account holders right now, given the circumstances.

Identify and enable “quick win” solutions for account holders.

With the financial burden many individuals and businesses are feeling, things like loan skip-a-pay, low or zero rates on new credit cards, and waiving early withdrawal fees on CDs are all great ideas. But can you offer them digitally, show an account holder how to take advantage of them, and educate them on what happens if they use them? FIs must rely on their technology vendors to be responsive in enabling these solutions, and it's incumbent on companies like ours to move quickly in support of these initiatives.

Finally, the most prepared and responsive FIs we've spoken with are preparing what they call “digital enablement packages”—a collection of key tools, capabilities, and strategies to empower their employees and account holders to bank digitally during this pandemic. The most important thing these packages bring is focus: with resource constraints, it's imperative financial institutions hone in on a manageable list of items to tackle—ideally items that will benefit them and their account holders both during and after the current situation.

If you haven't prepared a digital empowerment package yet, don't fret—here we offer a checklist to get you started: marketing and education ideas, temporary solutions to alleviate financial stress for account holders, and key digital capabilities that are worth focusing on despite resource constraints.

**Coach them,
teach them,
and share
the benefits
of digital.**



1. Call center scripts

We've heard, unsurprisingly, call center volumes and call wait times have skyrocketed. Providing a set of standard scripts and FAQs for staff can shorten calls, help proactively answer common questions, and ensure consistent messaging and tone from your entire staff. You can even consider recorded messages with updated branch hours (if applicable), instructions on accessing and enrolling in digital, and much more.



2. Education via marketing messages

Assess how quickly you can shift your in-market marketing messages and assets to showcase key information about where and how your account holders can interact with you, and what they can do. Consider ATM, digital, email, even materials that can be posted for anyone who may attempt to visit a branch. Use digital and email to segment your messages and highlight certain features that may be more applicable for retail or commercial account holders.



3. Digital account opening and loan facilitation

While we don't expect new account opening activity to be at all-time highs, the ability for those account holders who do need a new account or loan to complete the process entirely digitally is more critical than ever. And while many FIs have some customer-facing digital capabilities in these areas, it's paramount to explore ways to remove as much human friction from the process as your risk mitigation policies allow.



4. Mobile remote deposit capture

Of all the digital features at your disposal, this is one to emphasize in your marketing and education efforts—even for digital-savvy account holders, checks are one of the things that they still rely on the branch to deposit. Also, consider how you might make this tool more usable now that it may be the only way to deposit a check, not just one of several options. For example, can you increase limits for those with spotless transaction histories?



5. Online or mobile ACH/wire transfers for businesses

Many businesses, particularly of the small business variety, still depend on visiting branches to conduct their transfer and payment transactions. It's also common for business clients to underutilize digital banking channels. Make sure they know their options and consider giving your key commercial clients hands-on (virtual) training on key digital tools to manage their finances.



6. Self-service functions, like dispute tracking

See if your digital banking vendors offer account holders the ability to submit and manage debit/credit card disputes through the online or mobile channel. If so, you may be able to mitigate a considerable amount of outbound and inbound calls from your support staff, freeing them up to deal with more urgent or complex calls. Ask yourself, what are a few other opportunities to enable self-service as a way to minimize call center impact?



7. Small business lending

The coronavirus stimulus package, being called the CARES Act, has been passed, and it includes a small business loan program called the Paycheck Protection Program (PPP). It's designed to get cash into the hands of small businesses quickly so that they can keep employees on the payroll even as business slows. Make sure your business clients know whether or not your FI is participating, and if you are a participant, it's never too soon to talk to your technology partners about enabling a digital application and disbursement process. For more information on the federal government's Small Business Administration response to COVID-19, visit www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources#section-header-2.



8. Loan skip-a-pay or deferments

Many retail account holders are facing financial struggles brought about by slow or no work, or other uncertainty caused by the pandemic. With mortgage and car loan payments representing a big portion of most people's monthly expenses, offering them the ability to skip or defer a payment can make an incredible difference in their cash flow while this crisis persists. Loan payment deferral is often dependent on core providers' capabilities, so start your investigation there—then consider how to make the option available in your customer-facing channels. Digital banking vendors should have the ability to turn this feature on relatively quickly if they work with your core and your core supports it.



9. New CD rates or loosened fees

Extraordinary times call for extraordinary measures, and many FIs are looking into low-rate CDs—or even waiving fees for early access to the funds held within existing CDs. In a time when account holders are completely avoiding or pulling out of risky investment vehicles, a secure place for cash is one of the highest-value services their financial institution can offer. Alternatively, a way to turn their CDs into cash in a time when cash flow may be tight could help put food on the table or make essential loan payments.



10. Low- or no-rate credit cards

Like loan skip-a-pay and loosened CD fees, we've seen many of our clients offering new credit cards with creative interest structures—things like 0% APR for 20 months—that likely wouldn't be considered outside of a crisis scenario.

Turning lemons into lemonade.

Make no mistake—the current situation represents largely uncharted waters for financial institutions and their vendors.

But if there's a silver lining to be had, it's this: because digital is the new normal, this situation will force us all to make changes to our operating model that will benefit FIs, businesses, and account holders long after the COVID-19 pandemic is behind us. Now is a great opportunity to enable your customers to bank with you anywhere, anytime, and on any device. You've invested the time into your digital brand, so let it shine by being a source of consistent service, security, and certainty for your account holders.

For more information on Q2, go to [Q2.com](https://www.q2.com) or call (833) 444-3469.

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