

Q2 Fireside Chat Series – Customers Bank

By Q2

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In this Q2 fireside chat, Jenn Frost, executive vice president and deputy chief administration officer at Customers Bank, sits down with Will Furrer, Q2's chief marketing and strategy officer. The two discuss the current environment at Customers Bank and take a look at a critical element of the bank's digital transformation journey – the implementation of the Q2 Gro digital sales and marketing solution. They explore the rationale behind the implementation and the ensuing results.

[Customers Bank](#), a subsidiary of Customers Bancorp, Inc., a bank holding company, is a full-service super-community bank with assets of approximately \$17.9 billion as of June 30, 2020. A member of the Federal Reserve System with deposits insured by the Federal Deposit Insurance Corporation, Customers Bank is an equal opportunity lender that provides a range of banking and lending services to small and medium-sized businesses, professionals, individuals, and families. Services and products are available wherever permitted by law through mobile-first apps, online portals, and a network of offices and branches.



Interview highlights

“Because this solution is digital – and allows us to digitally market to our existing PPP customers – it allows us to ‘layer’ it into the relationship over time so people can act when it works for them.”

“Over the summer of 2020, nearly two-thirds of new commercial accounts were opened on the Q2 Gro app.”

“It used to take us about a week to process an application – back and forth via email, work through 12 screens, etc. Now, with the Q2 solution for digital onboarding and sales, it takes a maximum of 48 hours to open a new business account, enroll them in digital banking, and help them receive funds.”

“The Q2 team understood the business case. They understood the urgency, and they delivered. It was a great project, and it has provided tremendous leverage for our business. Most of all, it has provided a boost to our digital service and our brand.”

Fireside chat transcript

Will Furrer (WF): Good afternoon and welcome. Thank you for sharing some time with us today. I wanted to jump right in and ask you, Jenn, if you wouldn't mind spending a few minutes introducing to our readers the current business dynamics at Customer's Bank and how they pointed you to decide to work on this particular digital initiative?

Jenn Frost (JF): Thanks, Will. Happy to be here. For our bank, we had two key initiatives we were driving towards:

1. Grow commercial deposits
2. Drive efficiencies across the bank

“The key goals we were marching towards this year were growing business deposits and optimizing the digital experience – this initiative helped us with both.”

In 2019, a key area of focus for the bank was growing all aspects of our commercial business. We didn't want to cannibalize our consumer book of business by playing the deposit rate game, so we needed to bring in money from a new source; for us it was commercial. We wanted to grow the number of accounts, the size of those accounts, and the makeup of our commercial loan portfolio. We designed this approach specifically to help us boost our commercial deposits.

Don't get me wrong, growing our core retail deposit base is still a priority. However, we needed more substantial deposits to help us fund our growth and expansion strategy.

More on our second initiative later, but when COVID hit, we had to course correct and move quickly on a few things to keep us on track with our objectives. So, we chose to focus on two immediate priorities: digital optimization and efficiency via onboarding, integrating our backend by adding API hooks into our core. We knew if we did those two things in concert, we would drive positive results.

WF: So, the team established these critical items to focus on and then went to work – great. So, what else did COVID force the team to focus on?

JF: We were coming to a good place in our second quarter. Rollout was going as expected. With COVID-19, we knew we had to shift immediately to focus on the SBA Paycheck Protection Program (PPP) loans. Our first step was to communicate with all existing commercial clients making them aware of the availability of the PPP Loans. Some of these clients did not have a deposit relationship with Customers Bank.

Needing an account into which we could put their loan funds, we needed an expedited account opening process. As word grew of Customers Bank's success processing PPP loan applications, non-clients called on us and we responded. This further increased our need for commercial deposit accounts and associated cash management tools. By the end of the first round of PPP funding, our Bank had completed more than 1200 loans creating many new clients. But simultaneously, we were initiating partnerships with fintechs that could act as a "force multiplier" for digital marketing of PPP loans and loan application intake.

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Our PPP results were spectacular. By the conclusion of PPP Loan availability in August, Customers Bank had, to varying degrees, participated in more than 100,000 PPP loans with an aggregate value of more than \$5.4 billion. Many of the small businesses that received PPP Loan funding from Customers Bank had tried unsuccessfully to get loans through the mega-banks and were angry about the experience. We saw their frustration as an opportunity to win new clients that would be grateful to the super-community bank that came to their rescue. Moreover, tens of thousands of our PPP loans came through fintechs so these applicants were comfortable with an online process as long as it had a great UX and was backed up with the assistance of a live human on the line. Q2 Gro was our solution to this marketing task. We began digital marketing campaigns to reintroduce Customers Bank to PPP borrowers and make them aware of deposit account (business checking) opportunities that could be opened online. Over the summer of 2020, nearly two-thirds of new commercial accounts were opened on the Q2 Gro app.

WF: How was your commercial business growth before you streamlined your onboarding?

JF: Through our relationship managers, we were hitting our goals for commercial deposits, but we were looking to build new relationships through the digital channel. It worked!

WF: I've heard you mention the back office and systems your team was using, so how many systems and screens were people bouncing between in the onboarding process before the Q2 team worked with you on your onboarding challenge?

JF: Probably at least 12 screens and systems. It was not very efficient. Now, with this solution in place, I think we are only using 1-2 screens, making the process so much more efficient for us and so much more elegant for our customers. That's the key – better for us and for them. We have also eliminated the manual QA and saved at least 30-45 minutes.

"With your solution, we probably eliminated 12 screens from our onboarding workflow – now we are down to probably 2."