

# ROI of Digital Banking

By Dylan Shaver

**Forward-thinking and the Right Technology Can Drive Success**

  
**your growth**  
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Return On Investment is not a black and white topic around software, especially regarding digital transformations within Banks and Credit Unions. In addition to direct impacts noticed, there are many indirect financial benefits that can be realized. For now, let's focus on the trackable and measurable impact on ROI.



## Revenue Drivers

**Targeted offers.** Understanding your customer enables predictive offerings that can add new revenue streams to the outdated traditional banking model. Banks have enough data points on their customers/members to be able to offer pre-qualified Credit Cards, Loans, and even Mortgages. Pre-qualified offers are driving net new revenue growth for those adopting this technology.

Imagine a customer receiving a targeted offer telling them they've been pre-qualified for a loan, and all they had to do was click on a link in the email to get started.

Companies such as SoFi, LendingTree, and Marcus by Goldman Sachs are delighting their customers with pre-qualified offers just like that. You can add this to your portfolio quite easily to drive similar outcomes.

**Credit cards.** 16-25% interest drives a profit center for those that can bank roll it. Banks can streamline these offerings through integrated card management specialists to support this side of the business.

**Drive net new loans, mortgages.** Bankers didn't earn the 3-6-3 motto for nothing. "Borrow money at 3%, lend it for 6%, and be at the golf course by 3pm." Money is earned each time it is lent out for things like auto purchases, mortgages, or even weddings. Financial Institutions can leverage BPM tools to automate applications and use AI to make more accurate risk assessments, for a predictable cost per application.

**Account opening.** Checking/Savings may not drive significant direct profitability, but they are an essential hook for attracting and retaining customers to sell money to in the future. Financial Institutions have a chance to differentiate themselves in this category by reducing friction upon sign up. Look at companies like Coinbase, AirBnB, and Netflix. They make the sign up process so simple that it drives a wave of adoption.

Digitizing the onboarding experience can also drive significant cost savings.



## COST SAVERS

**Self-service.** Self-service solutions continue to have some of the highest ROI of any solutions deployed. An average branch visit can cost up to \$5, a call center phone call can cost \$2.50, while a self-service session averages ~\$.25.

**IT maintenance.** Native applications and custom web experiences typically require many FTEs to simply maintain systems. Leveraging a platform provider can pay for itself in maintenance savings alone.

**Move money cheaper.** Traditional best practices for money movement are laughable. Wire fees can cost over \$20 and ACH fees can average over \$.65 per transaction and can take 3-5 days to execute. With the technological advancements today, this should be real time—globally—and cost fractions of a cent to process. Companies like Ripple Labs are enabling this to happen and revolutionizing money movement.

**Go paperless.** E-statements, digitized onboarding, and targeted marketing offers can greatly reduce the reliance on paper-based solutions. Some banks have recognized millions of dollars in paper savings upon completing a successful digital transformation.

All of these things are relatively easy to accomplish with the right technology and team behind you. In order for banks and credit unions to grow in today's rapidly changing world, they must embrace and effectively utilize new technologies to drive efficiency and delight customers/members—a sure fire way to increase ROI.

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Temenos software is proven to enable its top-performing clients to achieve cost-income ratios of 26.8% half the industry average and returns on equity of 29%, three times the industry average. These clients also invest 51% of their IT budget on growth and innovation versus maintenance, which is double the industry average, proving the banks' IT investment is adding tangible value to their business.

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