

# 2023 Banking Predictions

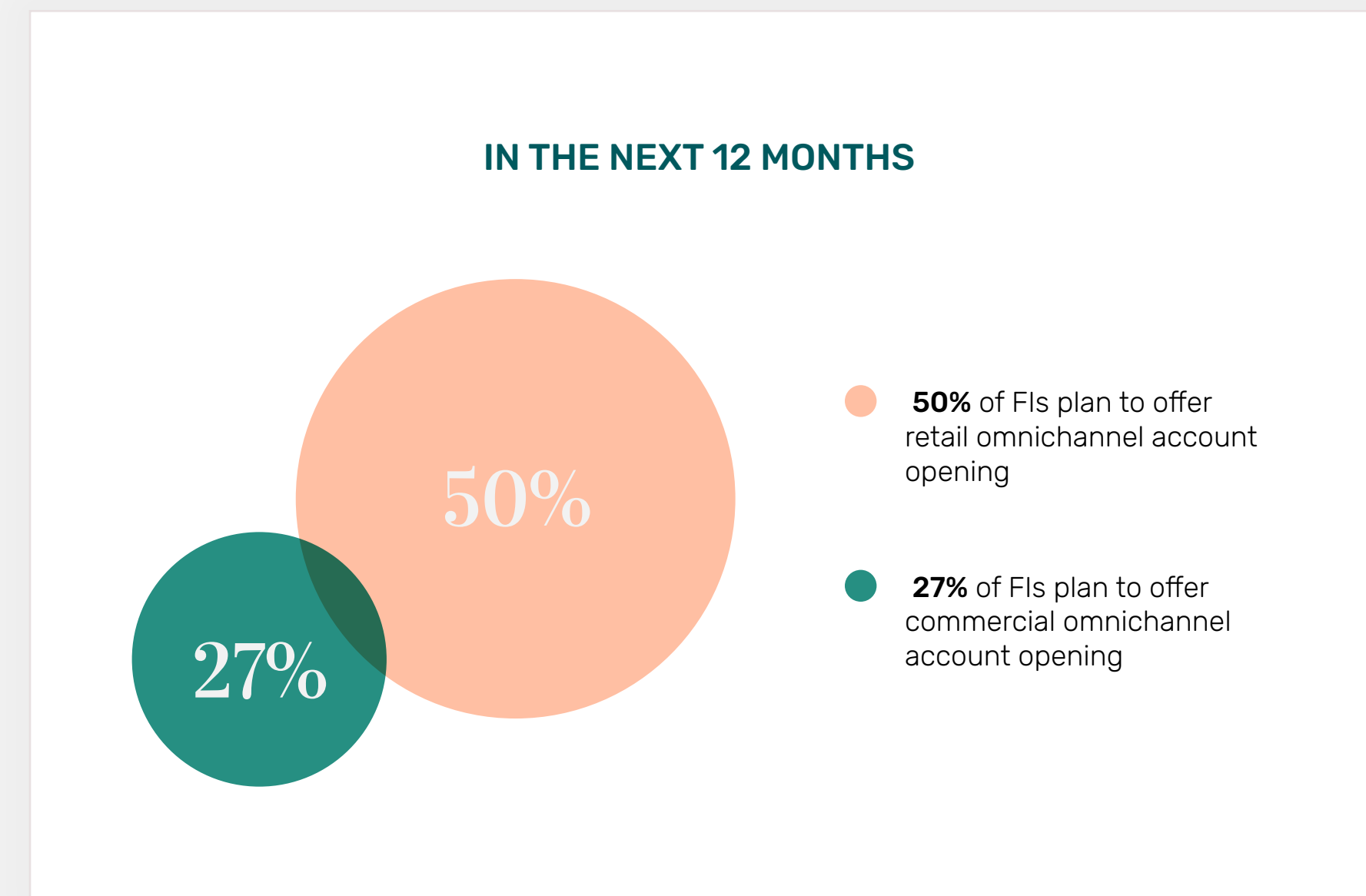
MANTL co-founder and CEO Nathaniel Harley shares the trends that will have the biggest impact on banks and credit unions in 2023. Here's what he had to say.

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# 1 2023 will be the year of omnichannel as financial institutions pursue “one digital front door.”

Digital account opening is moving beyond the website as institutions recognize the power of automation within branches, call centers and relationship managers out in the field. As the economic climate mandates cost-cutting and increases competition for core deposits, there is a growing sense of urgency for banks and credit unions to adopt an omnichannel account origination strategy that creates “one digital front door” for deposit gathering across all banking channels in 2023. That’s because providing a consistent, seamless experience across all banking channels, and having these channels sync with one another on the back end, improves operational efficiency and customer satisfaction. Only 12% of banks and credit unions offer [omnichannel account opening](#) for both businesses and consumers today, but institutions are planning for the future. In the next year, half of financial institutions (50%) plan to implement consumer omnichannel account opening and a fourth of institutions (27%) plan to implement commercial omnichannel account opening.



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## 2 Competition for deposits will increase - and financial institutions must be ready.

The battle for deposits is heating up in 2023 as deposits become extremely valuable to banks and credit unions amid increased rate hikes. 81% of banks and credit unions said that consumer deposits are [more important](#) to the financial health of their institutions than they were five years ago, while 72% said that commercial deposits are more important than they were five years ago. More than half (54%) of bank leaders say they [bought](#) digital retail account opening technology in 2022, demonstrating a readiness for increased competition. As we enter this new deposit-hungry banking era, it is not enough to merely have a digital account opening solution in place. Institutions must understand the cost of poor-performing account origination technology and how it can cause operational drain and inhibit deposit growth goals. With the wrong technology, an institution can succeed at opening new accounts but fail at deposit gathering. In 2023, institutions must evaluate their deposit origination technology in practice. Are 100% of accounts funded upon opening and is the initial funding amount high? What is the conversation rate? How is the user experience? Can existing customers open a new account in just one click? These factors separate state-of-the-art technology from legacy account origination technology and will influence who wins and loses in the upcoming deposit wars.

## 3 The in-branch experience will become a competitive advantage.

Despite the fact that bank branches continued to decrease in number in 2022, they remain critical to customer engagement. Consumers still value the branch experience and only 36% [prefer mobile over branches](#). In 2023, the role of the bank branch will continue to evolve, and financial institutions that invest in the in-branch experience will create a competitive advantage. Digital-first doesn't mean digital-only and institutions must ensure that they modernize their branch experience to keep pace with their other banking channels. This includes providing self-service opportunities for customers, ensuring omnichannel banking technology extends to the branch staff and improving operational efficiency.



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## 4 Financial institutions will double down on the employee experience.

Refining and streamlining the employee experience will be critical to unlocking efficient growth at scale. Relationship managers remain the [primary driver](#) of new retail and commercial account openings at financial institutions today. One-fourth of banks and credit unions (25%) said it took relationship managers 30-60 minutes to open a new consumer account, on average. If a consumer can open a checking or savings account in less than three minutes online, there is no reason that the process should take longer in a branch or with the assistance of a relationship manager. Leveraging innovative technology that enhances the employee experience – removing manual tasks, empowering employees to be more data-driven and improving operational efficiencies on the backend – will drive meaningful business outcomes for an institution while creating a happier, more engaged workforce. This is crucial in today’s challenging hiring landscape. This is also how institutions can process [10X the applications](#) without adding additional headcount. These economics at scale will make a significant impact on an institution’s bottom line in 2023.

## 5 Banks and credit unions will modernize their platforms to better serve SMB and commercial clientele.

Many financial institutions self-identify as commercially-focused, yet they are not investing in commercial banking experiences. This is especially problematic when you consider that business owners are also consumers and expect the same digital convenience across banking channels. More often than not, businesses are met with paper-based processes when opening an account or applying for a loan. The majority of banks and credit unions (61%) are [opening almost all](#) of their new commercial accounts (80-100%) via a relationship manager. Two-thirds of institutions do not offer the ability to open a commercial account online (68%) or via a mobile app (78%). Looking ahead to 2023, many financial institutions will prioritize transforming their platforms to introduce more convenience for the customer – such as digital form submissions, document upload and electronic signatures – while also enhancing internal visibility to help relationship managers drive deals forward. The institutions that invest in omnichannel commercial deposit origination solutions will be well-positioned to grow and retain commercial customers in 2023.



# Financial institutions will embrace fearless tech partnerships - but be more selective with their partners.

One problem the banking industry faces today is the sheer volume of fintech companies in the space. The fintech ecosystem is huge and the market is [expected to grow](#) to \$332.5B by 2028. Banks and credit unions have more access to technology than ever before and will be increasingly more selective with the partnerships they pursue in 2023. Outside of evaluating the technology, financial institutions will evaluate a fintech's culture of innovation to ensure their long-term visions for the partnership and banking industry align. Will a fintech's product roadmap allow your financial institution to consolidate your tech stack in the future? Will they grow alongside your institution? Do they have a consultative approach and will they act as an extension of your team? Will they be a true partner, not just a vendor, on your digital transformation journey? American Banker's Digital Banker of the Year Allan Rayson, Chief Innovation and Technology Officer at Encore Bank, [embraced fearless tech partnerships](#) to much success - growing to nearly \$3B in less than three years without a single developer on staff because he selected highly engaged and innovative tech partners. Banks and credit unions that do the same will be primed for growth in 2023.

**Will a fintech's product roadmap allow your financial institution to consolidate your tech stack in the future?**

**Will they grow alongside your institution?**

**Do they have a consultative approach and will they act as an extension of your team?**

**Will they be a true partner, not just a vendor, on your digital transformation journey?**



MANTL is a financial technology firm offering omnichannel account origination software for banks and credit unions. Consumer Deposit Origination by MANTL is among the fastest and most performant solutions on the market, empowering net-new prospects to open accounts in under three minutes, enabling existing account holders to open additional accounts with just one click, and reducing fraud by as much as 67%. Commercial Deposit Origination by MANTL is a first-of-its-kind solution that reimagines account opening for businesses of all sizes by automating up to 97% of application decisions. MANTL's customers have raised billions in core deposits to date. Founded in 2016, MANTL is a privately held company headquartered in New York with the backing of prominent venture capital investors. For more information, visit [mantl.com](https://mantl.com).

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