

# 2023 Annual Digital Boardroom Report

Evolving amidst a rapidly changing U.S. banking landscape

November 2023



# 2023 Annual Digital Boardroom Report

## Introduction

- 1** | Digital Account Opening
- 2** | Digital Assistants
- 3** | Buy Now, Pay Later
- 4** | Personal Financial Management

# Introduction

Despite a turbulent year for financial services, digital banking continues to evolve to address wider and increasingly complex banking consumer needs. This Annual Digital Boardroom Report is a culmination of Advisors Plus coverage of key topics, trends, and innovations featured in regular reporting and insights over 2023.

## IN THIS REPORT

1

**Digital account opening** is moving beyond the ability to open financial accounts for new accountholders. This journey is at a critical juncture where community financial institutions large and small should invest in capabilities to increase funding, usage and spending.

2

**Digital assistants** can act as the go-to engine for consumer inquiries, support and action. The most successful digital assistants are easy to access, effective communicators of information and, most importantly, capable of performing tasks on behalf of the user.

3

**Buy Now, Pay Later** isn't going away. Instead, incumbents are competing by taking a page from BNPL heavyweights' playbooks, deploying creative pre-purchase and post-purchase installment plans to keep valuable consumers engaging within their own platforms.

4

**PFM** is more than sharing numbers and insights. Next-generation PFM thinking involves helping users: understand their financial health, manage their spending, invest in their goals and plan for their future. It's about keeping users engaged with their financial providers.

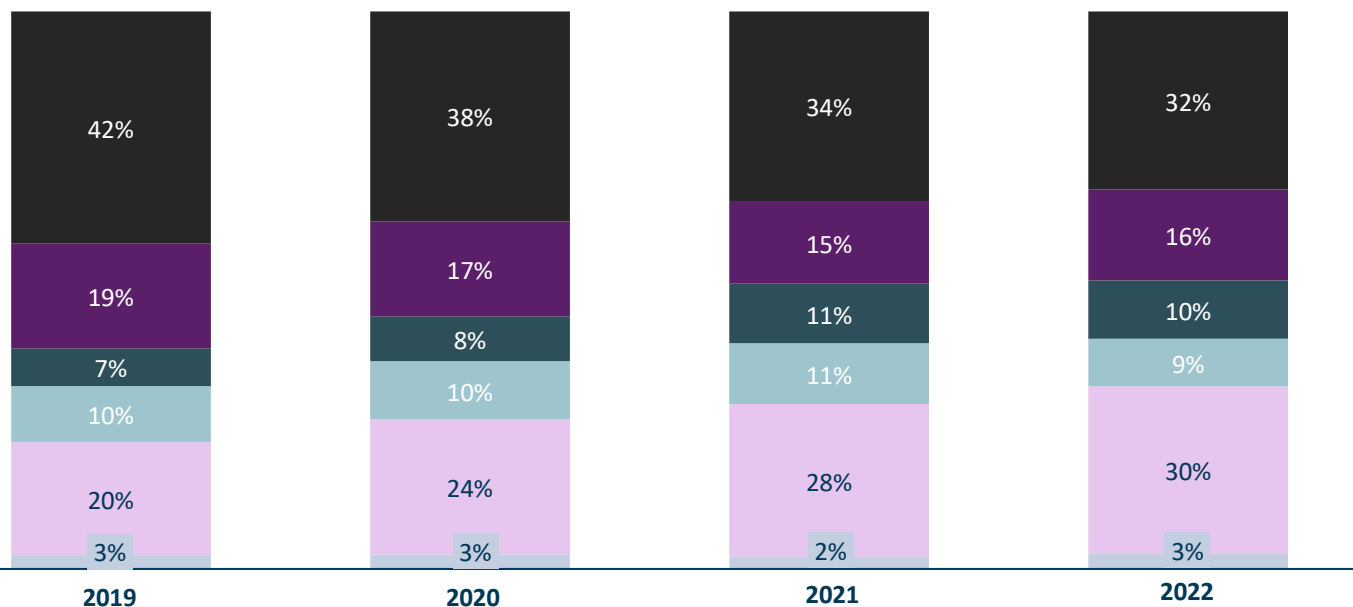
## 1

## Neobanks' primacy with new checking accountholders are a threat to the wider industry

Neobanks' share of new retail checking customers' primary bank accounts continues to grow year over year

## PRIMARY CHECKING ACCOUNT OPENED BY PRIMARY INSTITUTION TYPE

National Super Regional Regional Direct Neobank Community Financial Institution



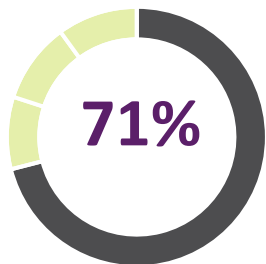
**Community FIs' share year-on-year continues to hover between 2-3%**

Moreover, payment apps like Cash App and Venmo (not included in the chart on the left) have grown their customer bases and the proportion of those bases that would be willing to hold a checking account with them.

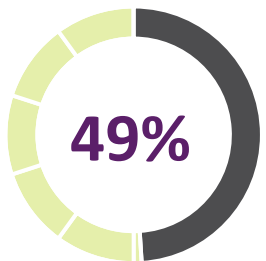
Source: Curinos Customer Knowledge | 2019-2022 Shopper Survey | Q: In which year did you open your primary checking account (the checking account you use the most today)?

Many community FIs still have not deployed the minimum technology necessary to remain competitive

#### U.S. ADULTS ARE COMFORTABLE WITH DIGITAL ACCOUNT OPENING



About 71% of U.S. adults are willing to open a financial account digitally (via an app or website)\*



And about 49% of U.S. adults identify either a website or an app as their preferred method to open a new checking account in the first place\*

Source\*: FICO

#### Percent of FIs that allow new customers to open retail checking accounts in-app

51%

#### And functionality to cross-sell accounts lags as well

##### Percent of FIs that allow existing customers initiate an application in-app

63% Savings accounts

57% Credit cards

57% Retail checking

47% Personal loans

43% Mortgages

40% Auto loans

Source: 132 Financial Brands tracked in Curinos Digital Banking Analyzer



While launching a digital account opening (DAO) solution is step one, future-thinking community financial institutions should consider the following four areas as their account opening journeys evolve:

## 1. Product discovery and product positioning

Making the journey seamless between product selection and starting the application

## 2. Application and journey simplification

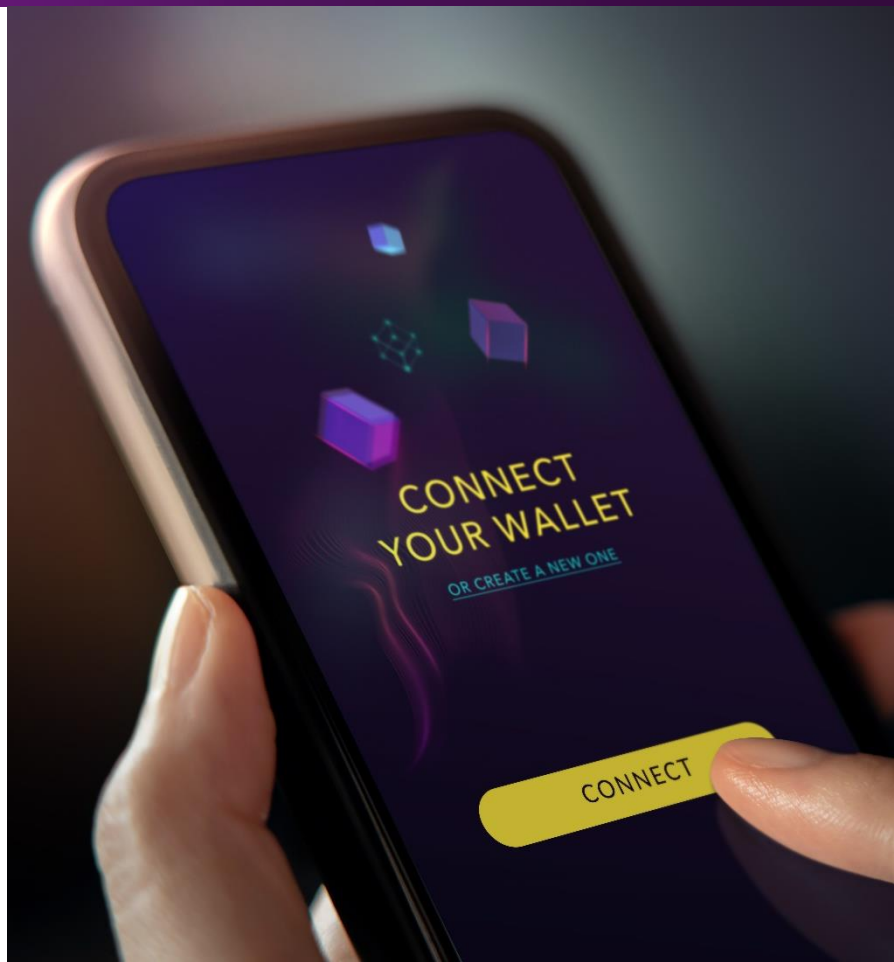
Leveraging as little digital real estate as possible while effectively deploying application journeys that are easy to navigate and complete

## 3. Enhanced help & support

Embedding the right help & support throughout the onboarding journey

## 4. Immediate digital card issuance

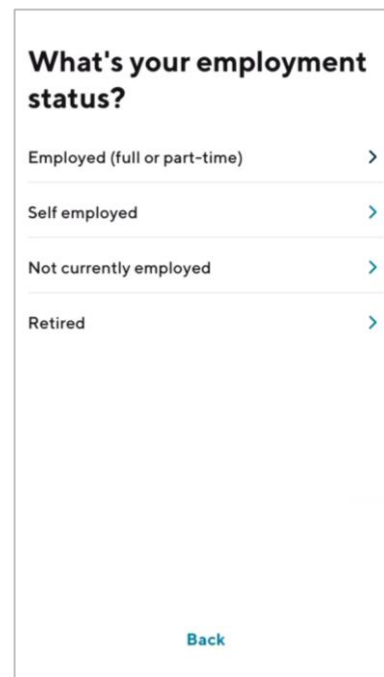
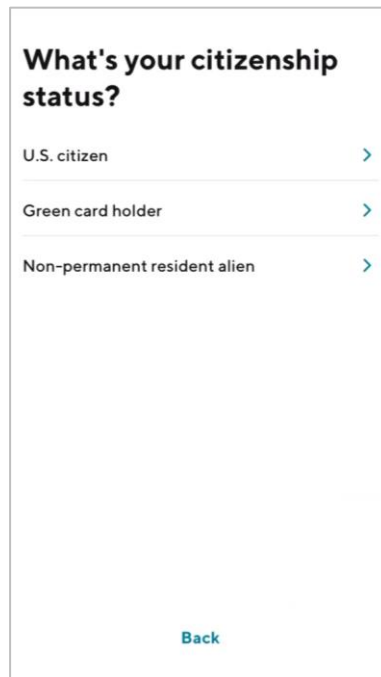
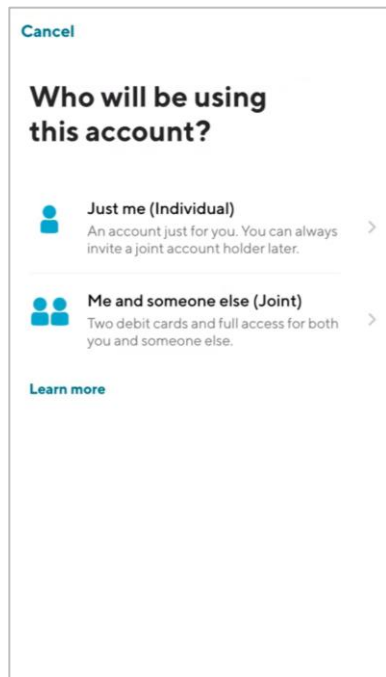
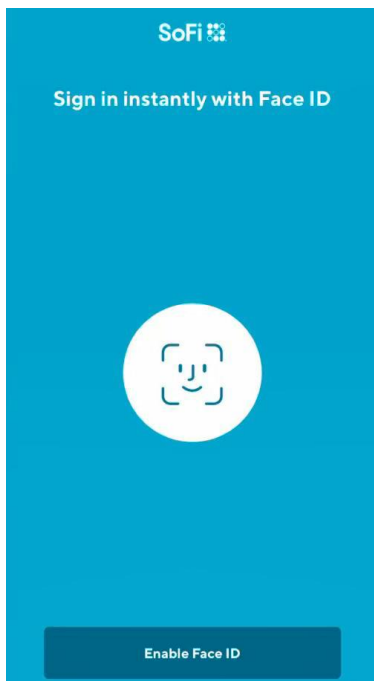
Give new cardholders instant access to their new accounts



## 1

# Brand to watch: SoFi enrolls early on and makes applications forms flow for speed

SoFi enrolls new customers with their digital banking credential right at the beginning of the DAO process and even sets up their biometric credentials before the majority of the application starts. The fintech's mobile app account opening does not clutter the page with tick boxes, drop-downs, or even 'continue' buttons. Users answer single-response selection questions with a single tap which then moves them quickly onto the next field and page automatically, creating a sense of speed and momentum for the application process.



## 1


# Brand to watch: Current's digital card issuance enables usage right at account opening

Neobank brands such as Current, Chime, Revolut and Varo enable users to feel an immediate impact of account opening – by enabling new customers to use their new digital cards immediately. Digital issuance from these brands – while still not available from most FIs – are setting expectations with generations of customers used to having instant access and immediacy of action.


Physical Card [Continue](#)

**Your Account comes with a Current Debit Card**

Keep an eye on your mail, it will be delivered in 1 - 2 weeks




[Edit Address](#)



Virtual Card

**Activate your Virtual Card**


Your Virtual Card allows you to start spending online and in-store today



[Activate](#)

[Activate Later](#)

[Back](#) Create a PIN [Confirm](#)

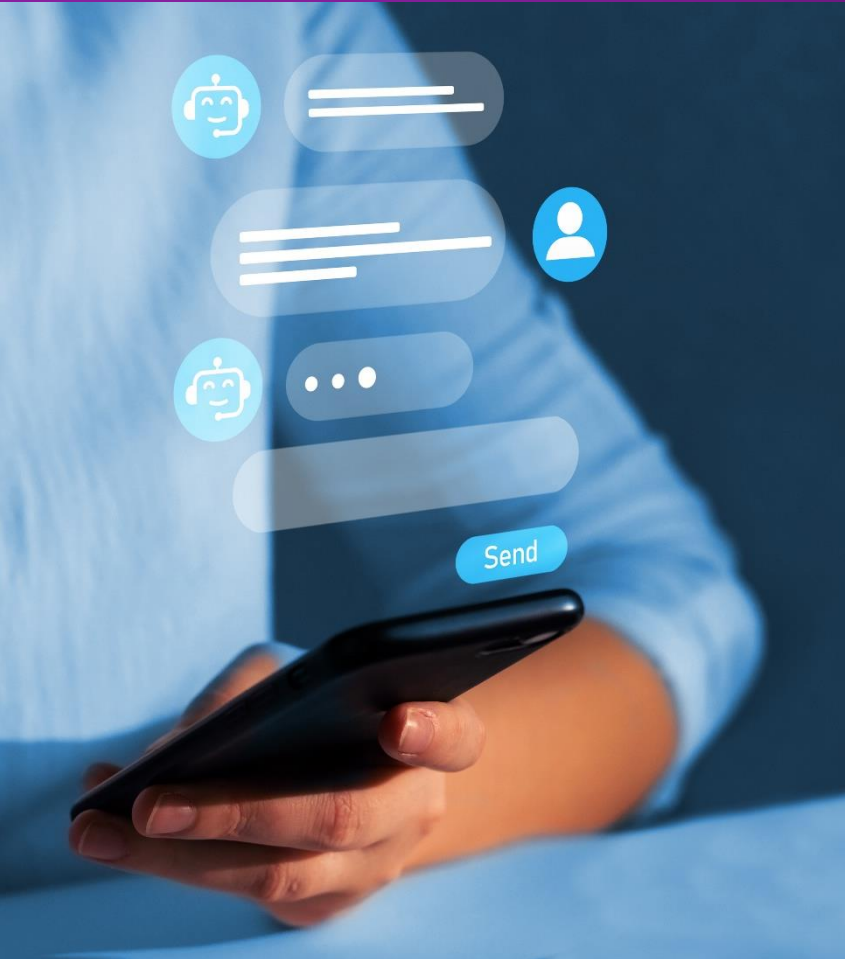
 **Create a 4 digit PIN for your virtual card**

To activate your virtual card, you'll need to set a PIN

PIN

Re-Enter PIN





Modern digital assistants can perform a variety of tasks for users, limiting the need to reach out to live agents or in-branch support for consumer inquiries and issue resolution.

Given that digital leaders continue to invest and position their AI-powered assistants as the next big thing for consumer digital engagement, understanding the evolving consumer-facing chatbot capabilities and the role these assistants can play becomes imperative for future thinking.

Chatbots are evolving into true digital assistants as digital leaders invest further into AI capabilities to meet a wider range of user needs and intents. Many chatbots and assistants can now contain the user's request within the bot console to answer their banking data-related questions directly or perform actual actions. Digital banking interaction is no longer just user-activated, it can now be bot-activated on command.

## VIEW ACTIVITY



- Show balance
- Show available funds/credit
- Show latest transactions

## Digital Assistants which can perform all the actions listed



## MANAGE



- Freeze cards
- Report card lost/stolen



## MOVE MONEY

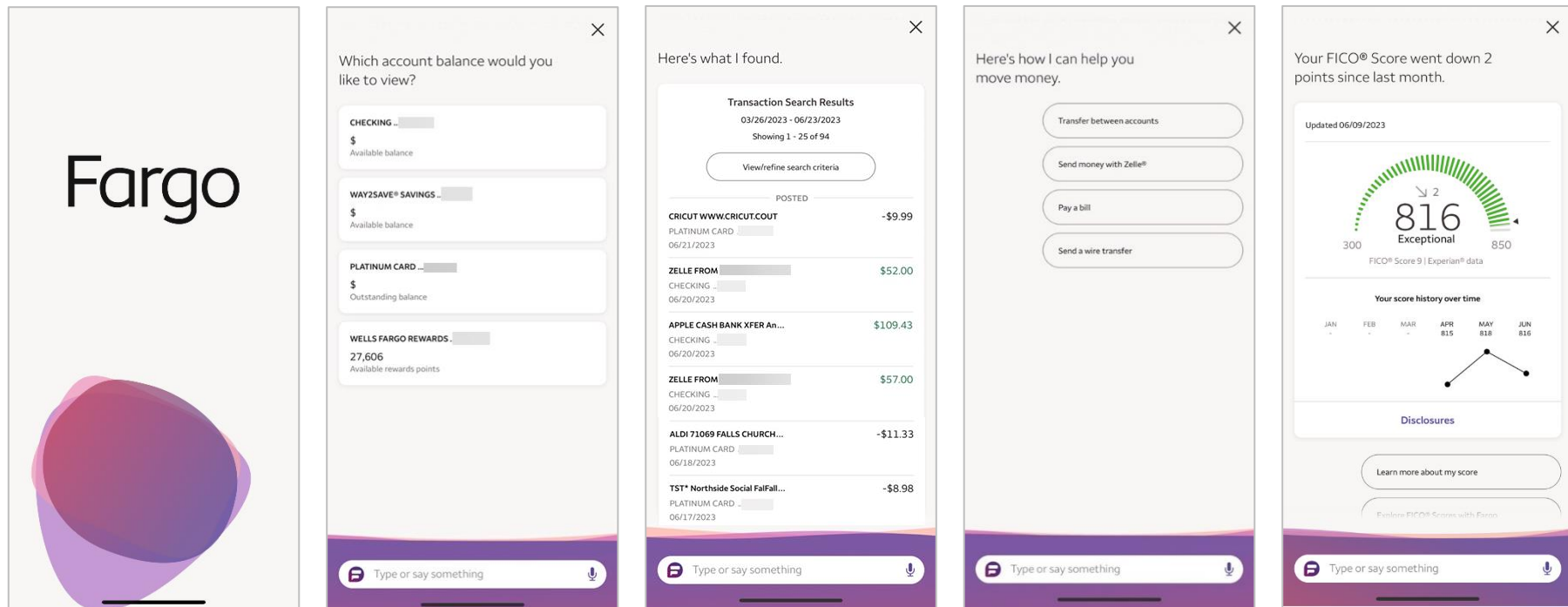


- Make a bill payment
- Make a P2P/Zelle payment
- Make inter-account transfers



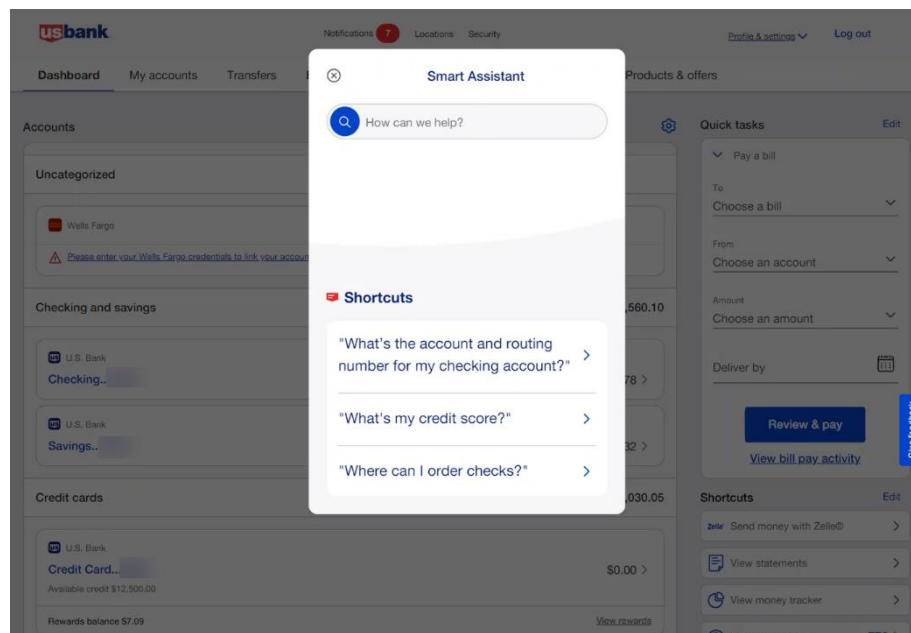
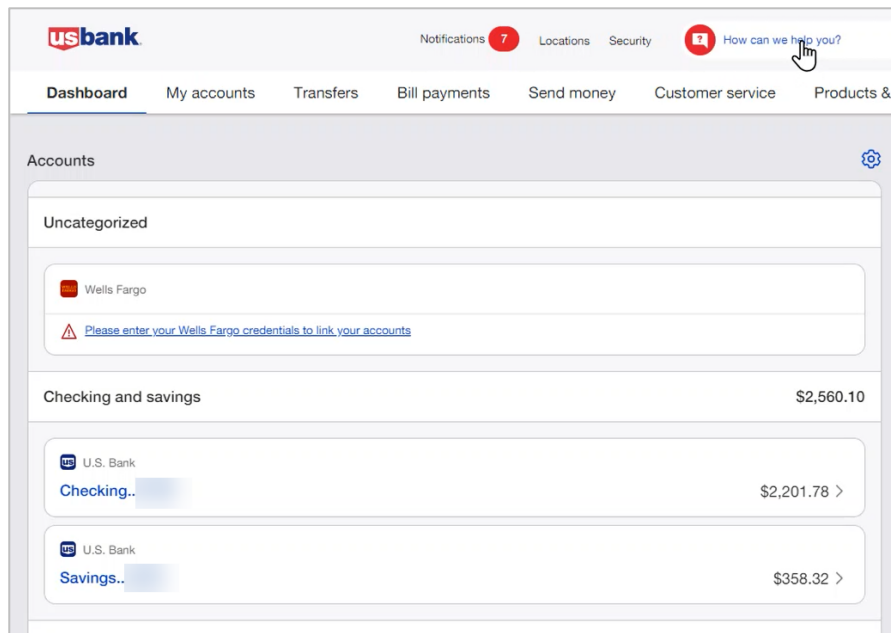
# Brand to watch: Wells Fargo repositions itself as a digital assistant leader with Fargo

Wells Fargo's significant investments in its digital assistant, Fargo, are paying off. Launched this year, Wells had the opportunity of designing a chatbot that is modern in design, voice-enabled, and focused on embedding mission-critical personal banking data-connected journeys, such as Zelle payments and credit scoring, that are relevant to their millions of customers. Wells continues to invest in the Google Cloud Dialogflow-powered assistant launching its Spanish language capability in September 2023.



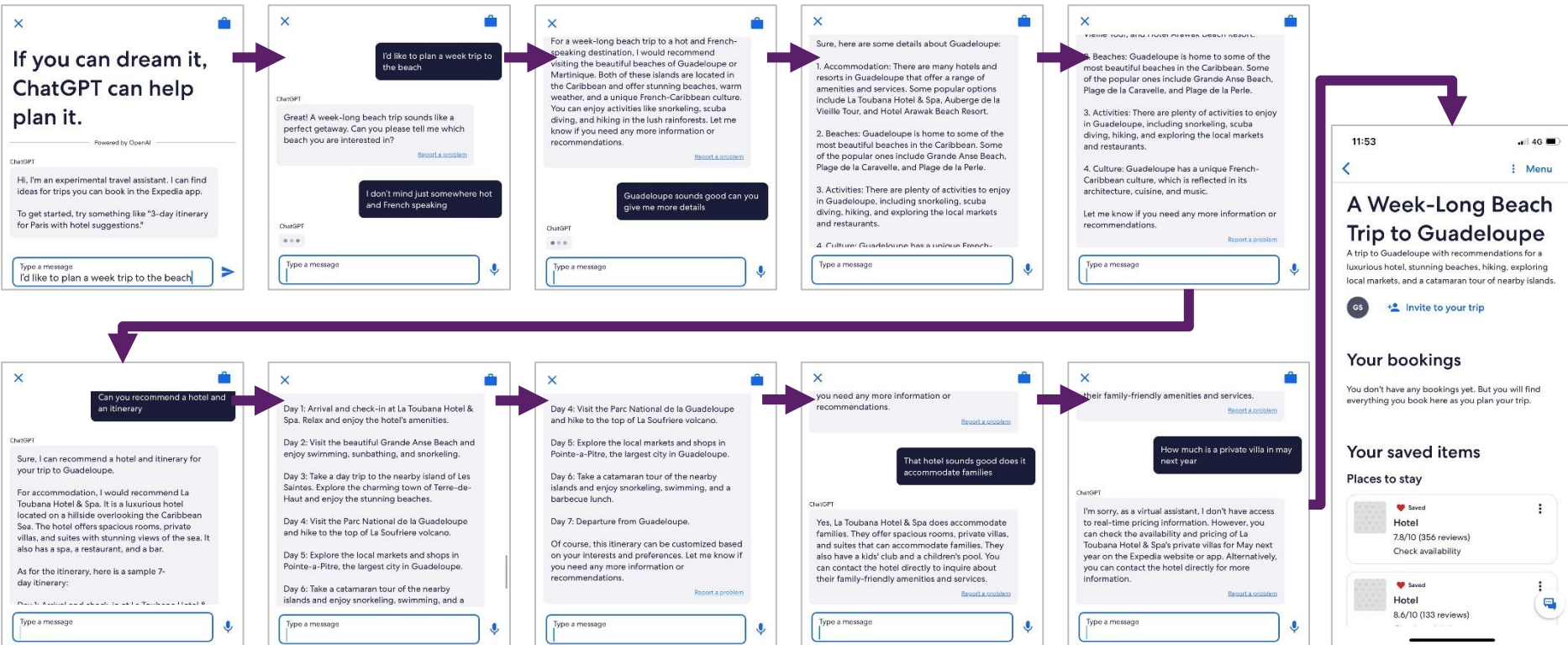
## Brand to watch: US Bank's Smart Assistant integrates with secure site and app search

While the majority of chatbots and digital assistants can be found in separate help and support pages on authenticated sites or apps, US Bank and Bank of America integrate their assistants into the overall search functionality right on the home screen. US Bank's search is integrated with its Smart Assistant in both web and app channels, enabling users to access more than FAQ answers to include specific account-based information such as account numbers and to perform key actions such as card freezing and reporting card theft or loss.



# 2 | Generative AI has powerful implications for banking digital assistants

While digital assistants have progressed in recent years, there are still a variety of capabilities that banking bots are yet to realize to accomplish what virtual assistants in other industries can do. Expedia's partnership with ChatGPT below showcases an implementation of generative AI, outlining personalized and insightful travel recommendations that ends with navigation to the booking page. While generative AI is still in its infancy when it comes to banking, especially with the safeguards needed for a heavily regulated industry, there is great potential to create new forms of user interaction.



# 3

## Buy Now, Pay Later is here to stay and trends suggest continued evolution in this space

1

Unfriendly BNPL economics makes it harder for providers to be profitable

2

Slowing consumer adoption threatens viability

3

Regulatory environment remains tricky

4

Pushback against terminology and the word “BNPL”

5

BNPL technology reimagined the game – the next stage involves traditional FIs

6

Credit cards remain popular

7

Other FIs see opportunity in post-purchase plans





# 3

## Buy Now, Pay Later has multiple solutions for the wide range of deferred payment needs

BNPL is ultimately two aspects: a payment method used at POS and a mechanism through which consumers defer paying for purchases

**Buy Now** – places where consumers purchase products or services

**Pay Later** – how users can defer or split paying for the purchase

Retailer Sites

Physical Stores

BNPL Apps

Pay in X days/months

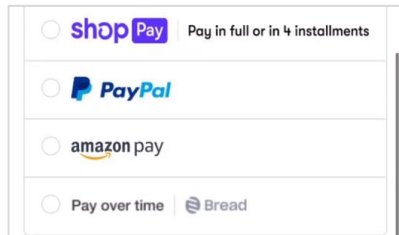
Split it in 3,4,5..

Installment Plans

Search/Marketplace

Ads/Social

And consumers experience BNPL providers in different ways:

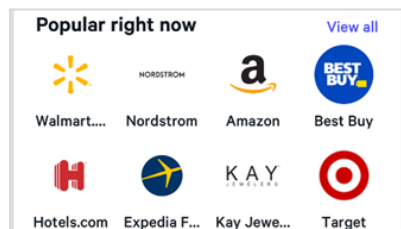


POS Integrators

### Simple, contextual solutions

Journeys start at the digital POS and no in-person tools

- Bread
- FuturePay
- Fly Now, Pay Later
- Splitit
- Uplift

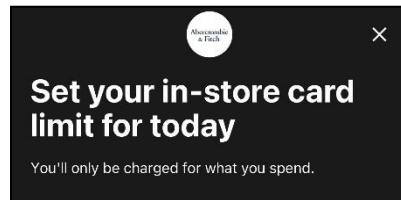


BNPL Super Apps

### Focused on driving spend

Apps/sites becoming place to browse products and fully fulfill

- Affirm
- Afterpay
- Klarna
- PayPal
- Sezzle

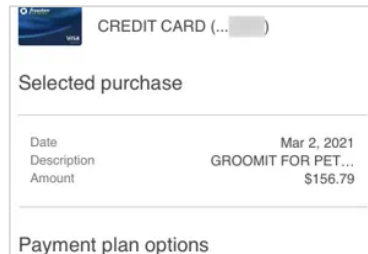


Bring-Your-Ghost Card

### From in-app to in-store

Users can bring their BNPL solution to the POS via a predominated virtual card

- Afterpay
- Klarna



Retrospective

### Deferring after purchase

Card providers offering options after the transaction is made

- Amex
- Barclays
- Chase
- Citi
- Synchrony
- US Bank

# Financial institutions have adopted a range of solutions to address BNPL demand

Financial institutions can participate in the BNPL space via four, primary methods:



## Partnerships

Working with BNPL through investments or partnerships

- **DISCOVER:** Invested in Sezzle and partnering with Splitit
- **ALLY:** Partnered with Sezzle to offer long-term loan options alongside short-term installments



## POS Propositions

Building full POS integrations to take to merchants or PSPs

- **CITIZENS:** It Citizen's Pay offers full BNPL capability to merchants
- **GOLDMAN SACHS:** Working with Apple to offer BNPL for any Apple Pay purchase

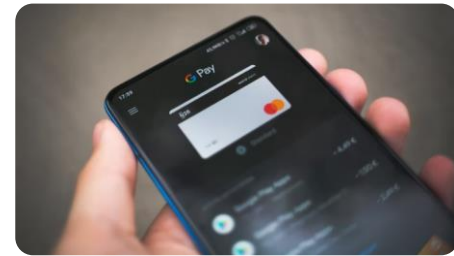


## Installment Plans

Retrospective splitting of transactions into installments

A number of banks offer this:

- **Chase** – My Chase Plan
- **Synchrony** – Pay in 4
- **Amex** – Plan it
- **Barclays** – Easy Pay
- **US Bank** – Extend Pay



## Virtual Cards

This is the space that has been largely untouched by big banks – one time use virtual cards are key to many BNPL offerings.

These virtual card programs are largely deployed by a select few FIs that operate as sponsor bank partners on behalf of BNPL providers' issuers (e.g., Marqeta, i2c).

## Brand to watch: Monzo shows what financial institutions can develop pre-purchase

Monzo UK blends pre-purchase BNPL experiences into its digital banking app, mimicking what standalone BNPL providers like Klarna and Afterpay offer today.

**1** Personal Account

£121.50

£106.41 left for 8 days

monzo

Feed Manage

Apply now for Monzo Flex  
See if you're eligible

Thursday 9th December

Thanks for your interest in Flex  
We'll be in touch with your invite

**2** Choose your limit

This is the maximum credit limit that you'll be able to use to pay over time.

£550

£50 £2,000

**3** Flex

£0.00

£500 available to use

monzo

VIRTUAL CARD

Card details Freeze

**4** Alerting notifications

Monzo 13:08

You flexed £55.99 at Zara

Select how many instalments you'd like

Add notes

**5** Pay over time

Zara £55.99

Choose how to pay Info

3 instalments of £19  
Interest free

£19 Today £19 25 Jan £17.99 25 Feb

6 instalments of £10  
£55.99 + £2.18 (19% APR)

£10 Today £10 25 Jan £10 25 Feb £10 25 Mar

10 instalments of £6

Your next Flex payment will be £19. This includes all your monthly instalments.

Pay £19 now

**6** Flex

-£36.99

£463.01 available to use

monzo

VIRTUAL CARD

Feed Manage

Today

Zara

Paid back £19

55.99

Interest free

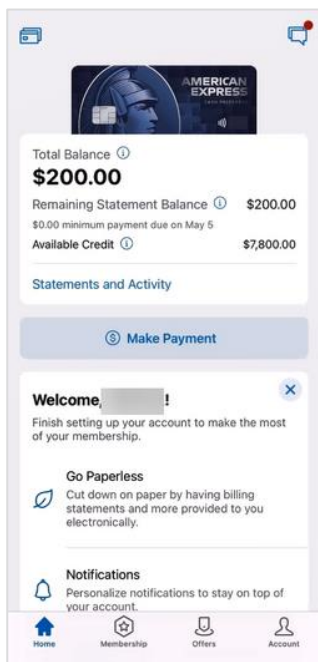
**LIMIT:** Users sign-up for Flex and set their preferred limit

**CARD:** This generates a virtual card they can use online or in wallets

**PLAN:** Once they've paid a push notification prompts them to select the plan they want

## Brand to Watch: AMEX showcases what post-purchase installment plans should entail

Installment plans leverage a BNPL-like experience for consumers looking for flexible payment plans within their existing credit card and sometimes with debit card transactions. This is where community financial institutions with existing or upcoming credit card programs can best and most easily compete with BNPL providers. Some tech vendors, including PCSU and Primax, are making it easier for community financial institutions to compete with larger FIs and incumbent BNPL providers, bridging the gap between consumer adoption and the software barriers that make BNPL complicated for banks and credit unions to offer in the first place.



AMERICAN EXPRESS

Total Balance ⓘ  
**\$200.00**

Remaining Statement Balance ⓘ \$200.00  
\$0.00 minimum payment due on May 5

Available Credit ⓘ \$7,800.00

Statements and Activity

Make Payment

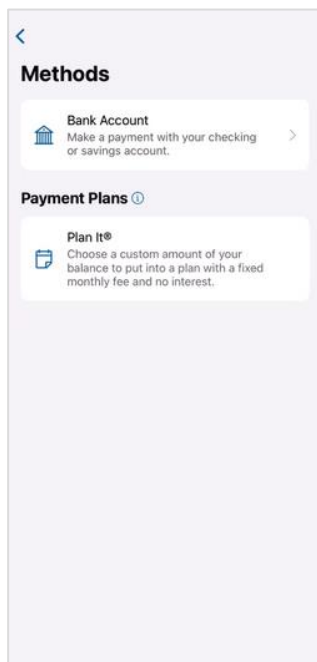
Welcome, [Name]!

Finish setting up your account to make the most of your membership.

Go Paperless  
Cut down on paper by having billing statements and more provided to you electronically.

Notifications  
Personalize notifications to stay on top of your account.

Home Membership Offers Account

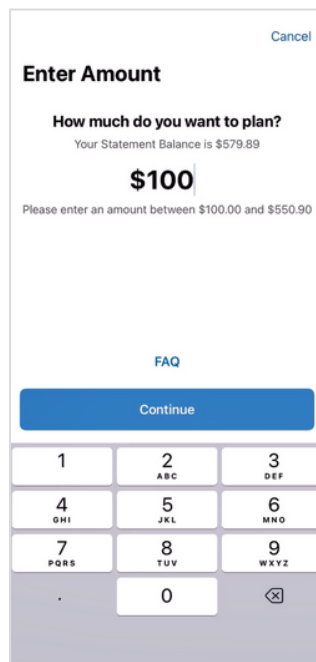


Methods

Bank Account  
Make a payment with your checking or savings account.

Payment Plans ⓘ

Plan It®  
Choose a custom amount of your balance to put into a plan with a fixed monthly fee and no interest.



Enter Amount

How much do you want to plan?  
Your Statement Balance is \$579.89

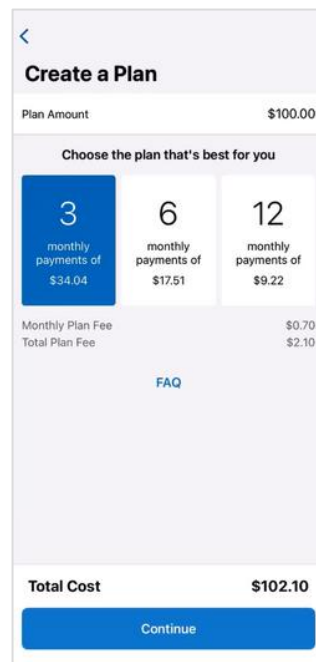
**\$100**

Please enter an amount between \$100.00 and \$550.90

FAQ

Continue

1 2 3  
4 5 6  
7 8 9  
0



Create a Plan

Plan Amount \$100.00

Choose the plan that's best for you

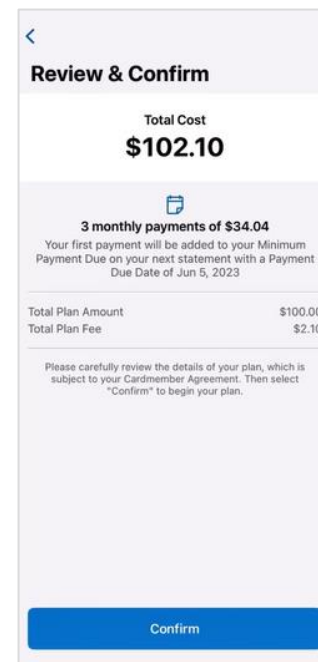
3 monthly payments of \$34.04	6 monthly payments of \$17.51	12 monthly payments of \$9.22
----------------------------------	----------------------------------	----------------------------------

Monthly Plan Fee \$0.70  
Total Plan Fee \$2.10

FAQ

Total Cost \$102.10

Continue



Review & Confirm

Total Cost  
**\$102.10**

3 monthly payments of \$34.04  
Your first payment will be added to your Minimum Payment Due on your next statement with a Payment Due Date of Jun 5, 2023

Total Plan Amount \$100.00  
Total Plan Fee \$2.10

Please carefully review the details of your plan, which is subject to your Cardmember Agreement. Then select "Confirm" to begin your plan.

Confirm

## 4 | Highlighting advancing PFM capabilities

- 1 Advanced spending insights help users look back and plan ahead
- 2 Credit score functionality is moving beyond telling users their score
- 3 Budgeting and savings tools are becoming automated
- 4 Financial resources give breadth and depth in advisory
- 5 How and where users see PFM will influence long-term use and engagement



## PFM FUNCTIONALITY

## NEXT-GEN FINANCIAL HEALTH



## Spending insights

- Ability to view basic insights over-time
- Some flexibility to view spending categories
- Ability to view insights visuals on spending screens and the home screen.

- Ability to view merchant-specific insights, including merchant ranking;
- Insights into subscriptions and recurring payments;
- Ability to renegotiate and cancel subscription payments;
- Long-term, future view of spending insights based on current spending



## Credit score &amp; financial health

- Ability to view credit score and what impacts score
- Ability to access credit report

- Ability to view and implement tailored recommendations based on credit score data
- Ability to predict or create goals against credit score insights
- Ability to view more than one credit or financial score



## Budgeting and savings tools

- Ability to create and edit budgets
- Ability to create and edit goals
- Standard insights capabilities including visuals and progress trackers

- Set up recurring savings based on regular times/dates
- Set up automatic round-ups based on transaction amounts or fixed dollar values
- Ability to accelerate savings based on transactional activity/other factors
- Create savings buckets that go towards specific goals
- Analyze deposit flows to notify of potential shortfalls
- Ability to integrate external accounts into budget & savings goals



## Financial resources

- Basic, general guides detailing PFM best practices and other financial management
- Links to external, reputable resources for additional feedback or advice

- Extensive financial guides detailing various aspects of financial services
- Internal or external partnerships that help users navigate their financial lives, personalized to users' life events and life stages
- Embedded, relevant financial advice into savings, budgeting, and spending insights screens



## Information access

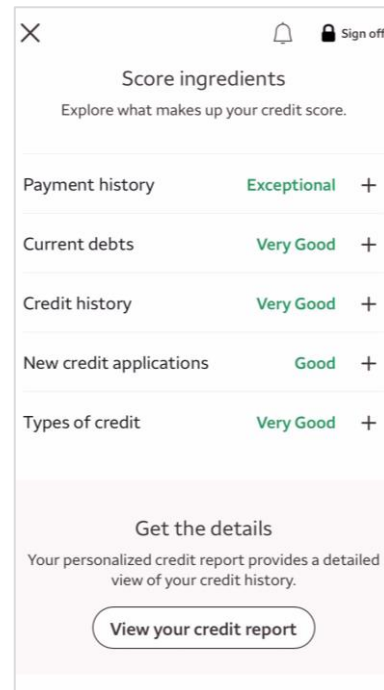
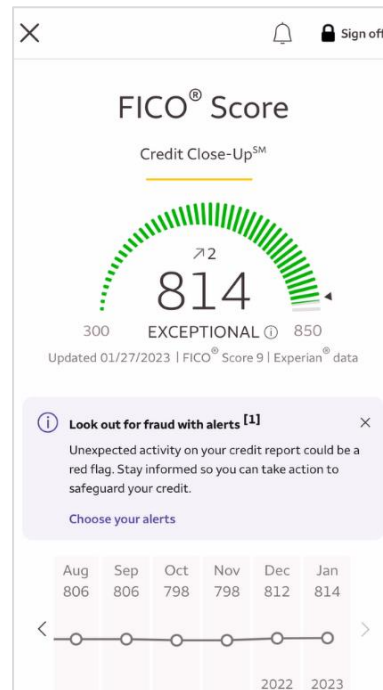
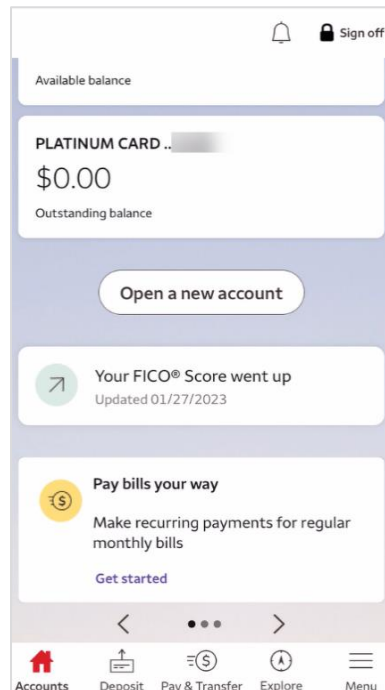
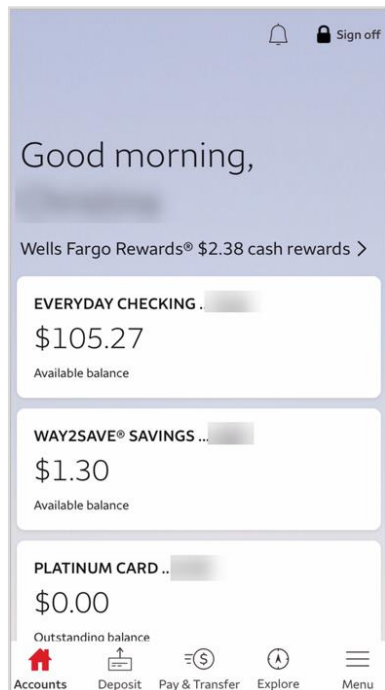
- Dedicated screens/sections
- Digital assistants that can answer simple PFM-related questions

- Customizable home screen functionality that lets users choose the PFM that matters most to them when they login
- Detailed, generative AI-driven digital assistant capabilities that understands users' financial health and can provide relevant, actionable feedback



## Brand to watch: Wells Fargo embeds credit score insights the home screen

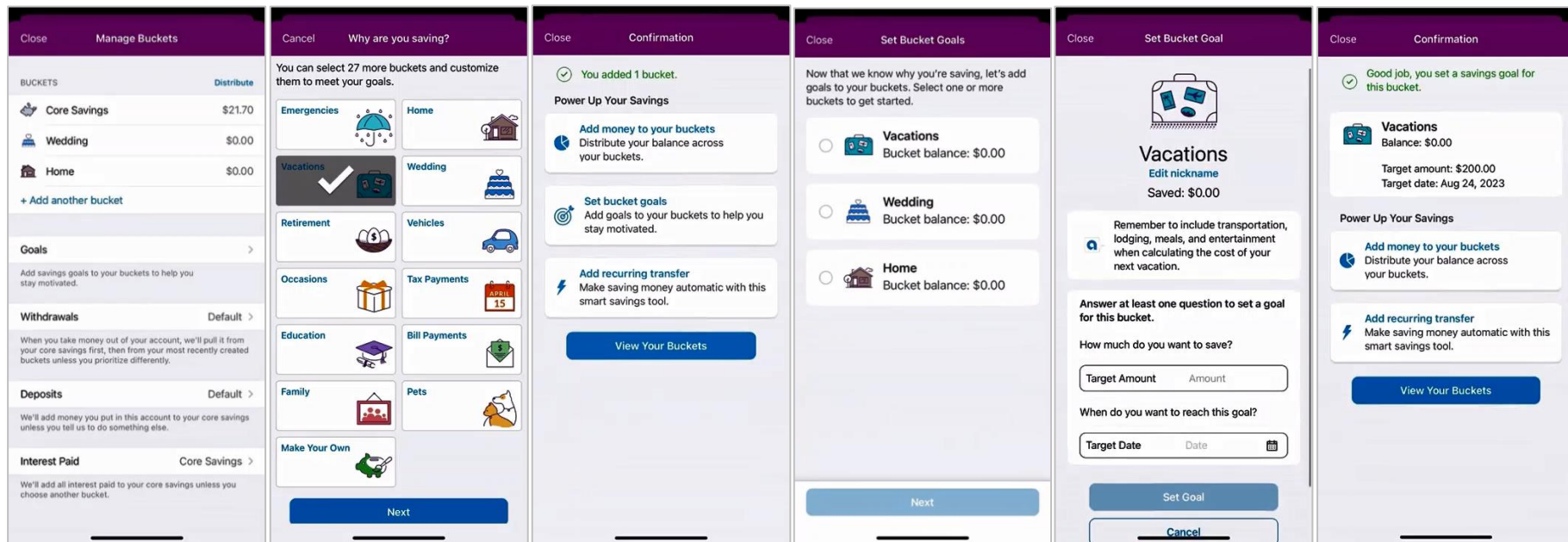
Wells Fargo users can access their FICO score directly from a dedicated link on the home screen. Having the credit score readily available within the banking application provides users with instant access to their credit score without the need to rely on third-party applications to access this information. Wells Fargo's FICO score insights are custom to the bank, showcasing an easy-to-understand visual that also includes score insights over a six-month period and an "ingredients" page outlining what impacts users' scores. Users can also get access to their credit score from this screen.



## Brand to watch: Ally's innovative savings functionality applied as a goal-setting tool

Ally's unique bucket system offers users a wide range of help setting up and organizing their savings. Ally features a variety of preset bucket options and also allows users to create their own bucket. Once the bucket is selected, the bank gives users the opportunity to improve their savings efforts with one of the bank's savings boosters and to establish a goal within the new bucket.

Ally also provides relevant savings advice. For the vacation bucket, the bank offers information on the elements that users should consider when setting a vacation savings goal. In addition to the comprehensive menu of functionalities, the journey is also visually pleasing as the bank organizes content on clearly delineated tiles, uses a variety of icons to express concepts, actions and ideas, and features prominent calls to action. Each of these elements can help drive deposit growth for the bank.



# Thank You

## Contact Us

We would welcome the opportunity to address any questions you may have.

Brian Day, Solutions Consultant  
[Brian.Day@pscuh.com](mailto:Brian.Day@pscuh.com)