

## **Small Business Update: the 2018 American Banker Conference by Charles Wendel**

This year's American Banker Small Business Conference, just concluded in wonderful Nashville, may have been the best I've ever attended. There was more electricity in the air versus some prior years and the topics seemed to hit on many of the major issues that the industry needs to focus on.

In a sense, everyone attends a slightly different conference, focusing on areas they are interested in and, maybe, listening more closely to speakers who support their views. For me, here are some of the key take-aways:

**Deposits are not just about deposits.** I ran a panel featuring two highly experienced bankers, Tom Doherty of CIBC US and Joe DiNicolantonio of Atlantic Capital Bank (and Regions before then). If you want more deposits you need to offer loans, push cash management and debit cards, adjust compensation, etc. Initiatives such as those MasterCard has underway are part of the deposit growth equation.

**Many banks need a "Digital Intervention".** We have all heard of families and friends stepping in to help people with drink, drug, or other problems that the person refuses to address. Many banks are refusing to look reality in the face to see that their old way of doing business, the way that worked for them throughout their careers, the only way they are comfortable with...is changing fast and to some degree, disappearing. The gap between those few banks that understand what digital banking is about and the majority of laggard banks is widening.

There is a famous book by Elisabeth Kubler-Ross about the five stages of grief and death: Denial, Anger, Bargaining, Depression, and Acceptance. Some banks, like Chase, Bank of America, and Citi appear to have mostly gotten through to the acceptance stage and are trying to transform themselves. But, I know many other banks that still deny a need to do anything. Some even view digital as a distraction, one that can be addressed "later" once other near-term priorities are met. These banks need an intervention to get through the "digital grief" process as quickly as possible. Getting to acceptance has released creative energy at other banks and reinvigorated staff.

**If senior management doesn't get it, you're toast.** See above. I talk with so many frustrated mid-level people. Most want to get things done. Ultimately, if they cannot get things done with your bank, they will go elsewhere. Talent drain may be an increasing problem. Based upon this conference, if I were a young person looking for a job, I know where I would head.

**Big does not mean slow.** Big banks made some of the most impressive presentations. These banks have always had the budgets and staff to get things done. Bad news for others: they now also appear to have the focus and the support of senior management.

**Vendor selection is harder than ever.** I sat through about eight digital demos and met with other vendors. One attendee mentioned that after a while your eyes glaze over listening to them, even though most have good things to offer. Vendor selection is more complex and critically important than ever. Many of the vendors appear to offer very good capabilities that frequently overlap with what others are offering.

How to decide? Start with getting consensus around what the bank is solving for, both near-term and over the next three years or so. Otherwise, you risk either picking the wrong partner or having to go through this time consuming process again.

**Eliminate Optionality.** One of the speakers used this phrase to describe how her banks operates and gets everyone to use Salesforce. You do not get to opt in. Instead, you get to opt out of the bank...meaning you are asked to leave.

**From Beanie Babes to Shot Glasses.** A great deal has changed in the 15 years or so that I have been attending this conference. Early on I remember a great group of guys from Deluxe handing out beanie babes as a promo. I would always grab a few for my young sons. Now, if anything, I bring back shot glasses and beer cozies. And, more tech-focused vendors have replaced Deluxe.

Brent Reinhard of JP Morgan Chase made one comment that all of us should consider. It is an approach I hope I follow in my work and that you should follow as well: "Be the person in the room who is not afraid of saying what needs to be said." Too often what I hear instead is "What does he think?" with the banker not willing to take a stand until he scopes out others. Reinhard's recommendation takes courage for those in mid-career with a mortgage, children, etc., but it is also the right thing for the individual and your bank.

One last note: great conference, great city, and great people. To Nick Miller as Chair and Michele Davidson, John Delmauro, Rebecca Sausner, Sasha Burgansky, and the entire Source Media crew, Thank You for making this THE industry event.!