

• 2020 OUTLOOK •

TOP 5 CHALLENGES FACING THE FINANCIAL SERVICES INDUSTRY

The finance and banking industry is in a constant state of change, coming from rising digitalization, new regulations, and changing consumer expectations.

Industry veterans are no stranger to predicting trends and preparing for change, but these five challenges may shape the narrative for this industry in 2020 and beyond.

#1 INCREASED COMPETITION AND COMPLICATION FROM GLOBALIZATION AND DIGITALIZATION

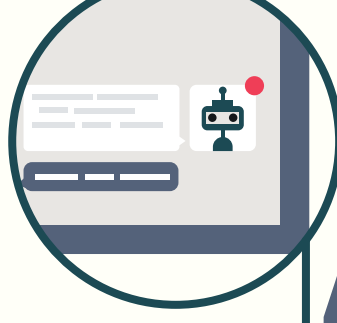
A global consumer survey discovered that a shocking 31% of consumers would be open to switching their banking provider if Facebook, Amazon, or Google offered banking. The internet has completely altered the market, and understanding that competition continues to innovate is key for competing in a tough market.

Organizations that aren't ready to adapt or innovate may find themselves lagging in the marketplace. Without strong organizational agility, some institutions may be left behind.

What is an agile organization, you ask? Learn all about business agility in this podcast episode, **Understanding Agility!**



Robo-advisers are becoming increasingly mainstream, giving benefits to consumers who want financial advice that's reliable, low-cost, and effective.



UNSTABLE REGULATORY CONDITIONS #2

The financial services industry is in a continuous state of tug-of-war as legislation sways between adding and slashing regulations on the industry. Dodd-Frank is a perfect example of this, and lenders must decide how they approach lending given the rollback.

The instability of financial regulation is only becoming more exponentially emphasized as technology continues to impact the industry. This becomes challenging as institutions are less certain of how to address and implement these changes in their organizations. Once again, agility is key to navigate unstable regulatory conditions. We're preparing clients to overcome this challenge by making sure our finance compliance library is updated constantly and on time – as long as your compliance training is adaptable and up-to-date, you should be prepared to overcome this challenge!



Keeping your organization informed of legislation is key for future-proofing your financial organization.



#3 EMPLOYEE TURNOVER AT A PEAK

Research from Compdata tells us that financial service organizations are boasting an 18.6% turnover rate, a ten-year high!

Keeping employees satisfied and engaged should be a main priority, and something you look to solve through training.

Did you know the cost to replace an employee earning \$75,000 or less is about 20% of their salary? Multiply that by just three employees in a year and you're looking at \$45,000! Turnover is costly, and proactive organizations need to prioritize employee retention in their human resource strategy.

If this challenge remains unsolved, client retention may suffer: one of the biggest competitive advantages that brick and mortar organizations have over online banking providers is the personal relationships that are formed.

If retention is high enough to affect those personal relationships, many institutions may succumb to the pressure from digital competitors.



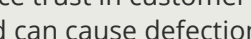
This free **turnover calculator** uses real data to determine how much turnover is costing your organization. If you're like most financial institutions, solving your employee turnover challenge could make a significant impact on your bottom line!



DATA AND CYBER RISK #4

Financial service organizations are ALWAYS at risk of being victims of cybercrime. A report from intelligence company IntSights says that a staggering 25% of malware is targeted to banks and other financial service organizations, and these organizations must be prepared to handle cyber threats.

MetroBank recently made headlines when cyberattacks were used to empty client accounts. In fact, many financial organizations have made headlines in the last year for similar reasons. Not only is cyber crime continuing to grow, it would exceed the 13th largest GDP if it were a country. Most importantly, these types of security breaches can reduce trust in customer or member relationships, and can cause defections.



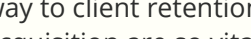
According to CompuTools, Financial crime costs the global economy \$2.1 trillion every year!



#5 PREDICTING AND STAYING AHEAD OF CUSTOMER NEEDS

Startups like Robinhood and Acorns allow consumers to invest from their phones, and services like Venmo, and Mint are increasingly attractive to consumers making it harder for traditional institutions to expand their share of wallet.

Most of these top five challenges are all related in one way to client retention, because client retention and acquisition are so vital to a healthy financial institution.



Retaining customers while competing in an intense market is tough, but possible. Understanding your organization's competitive advantage and training your representatives to enhance that competitive advantage is vital!



USING TRAINING TO OVERCOME YOUR BUSINESS CHALLENGES

At BizLibrary, we believe that training can be a catalyst for change. Many financial services organizations allow change to happen to them, rather than create the change they want to see – leveraging the impact of training to cause change in your organization is an important step for proactive businesses.

BizLibrary has worked closely with hundreds of financial services organizations to increase employee retention, overcome business challenges, and grow their business. We offer employee training courses in business critical topic areas such as lending and deposit compliance, retail banking and customer service, and BSA and AML.

To see our collection of more than 8,000 microlearning videos, perfect for fast-paced industries where time is in short supply, plus our easy-to-navigate platform that makes it easy to keep your important training reports up-to-date and easy to access, all you have to do is request a demo!

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