

How Community Banks Thrive in the Digital Age

The Power of Connection

Skylar Tenan - Chesapeake Bank



Holistic Approach

Between face-to-face and online banking



Meet the Customer Where They Are



The niche Chesapeake Bank has within the communities it serves is its competitive differentiator.

FDIC-Insured Commercial Bank Branches Over a 40 Year Period



FDIC-Insured Commercial Banks 1985 to 2022

	Banks	Branches
1985	14,417	44,546
2022	4,136	71,007
Difference	-10,281	+26,461

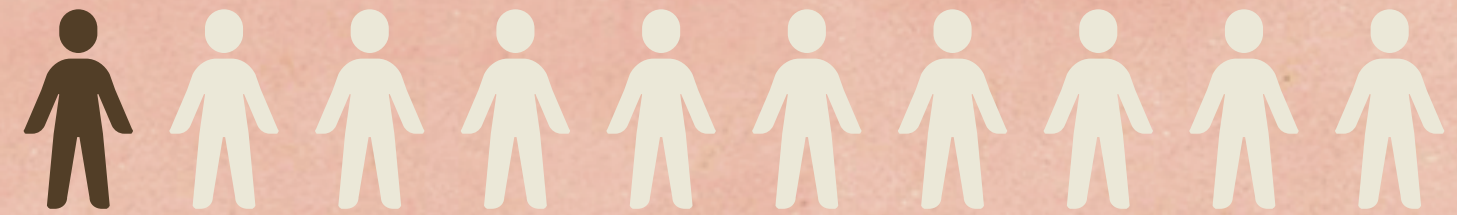
- Decline of branches since 2009
- Losing around 1000 branches a year

Diminishing Brand Loyalty



1 out of 5

18% of millennial customers in the US switched banking providers in a 12 month period (Accenture 2018)

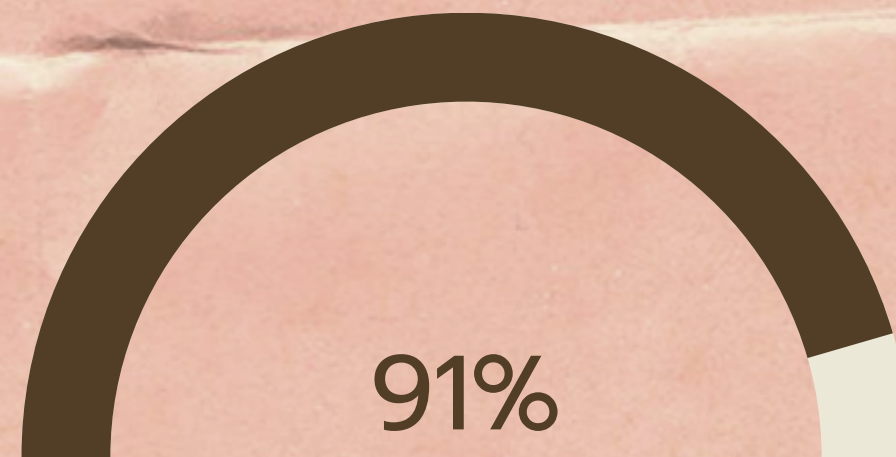


1 out of 10

10% of 35-54 year old customers in the US switched banking providers in a 12 month period (Accenture 2018)

Buying From Brands They Recognize

A 2018 study from Accenture found that 91% of consumers are more likely to buy from brands they recognize, recall, and have recommendations for.



Over 9 out of 10

Strategic Planning

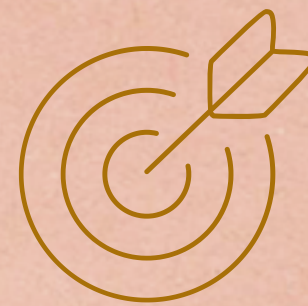
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**Solid
Plans**



2

**Achievable
Goals**

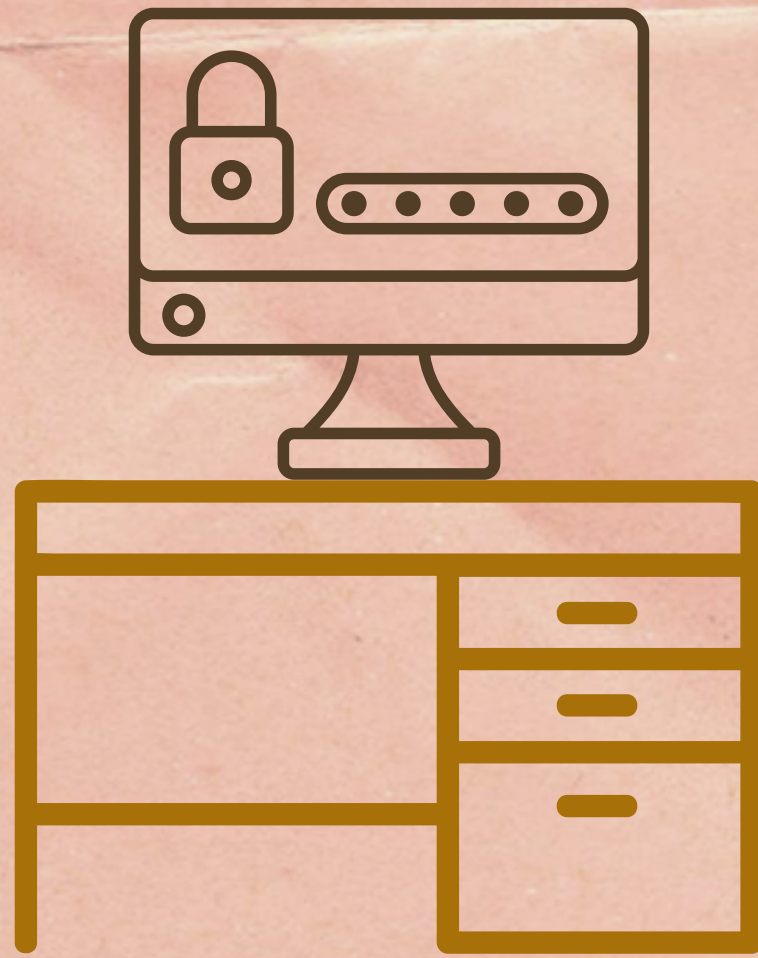


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**Major
Trends**



Security



Customers want their personal information to be safe and secure.

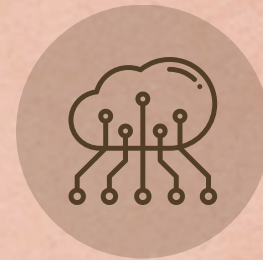


Banks need to find a balance between offering emerging technologies and safety.

Data Analysis



Data Analysis



Definition

The Science of analyzing raw data to make conclusions about that information (Investopedia)



Provides

Means to identify opportunities such as revenue growth



Recognizes Patterns

Given multiple pieces of data, the information can be used to recognize patterns such as customer behavior



Data Pools

Access to some data including from mobile banking apps and ATM machines

How can it be used



01

Marketing and Sales Strategies

Determine which strategies will have higher returns

02

Product and Services Packages

Identify certain products and services that can be bundled together for people having different needs

03

Areas Where it Stands Out

Customer support, fraud, and security

Data Analysis Challenges

Quality of Data

The quality of the results is only as good as the quality of the data you are using

Customer Demands

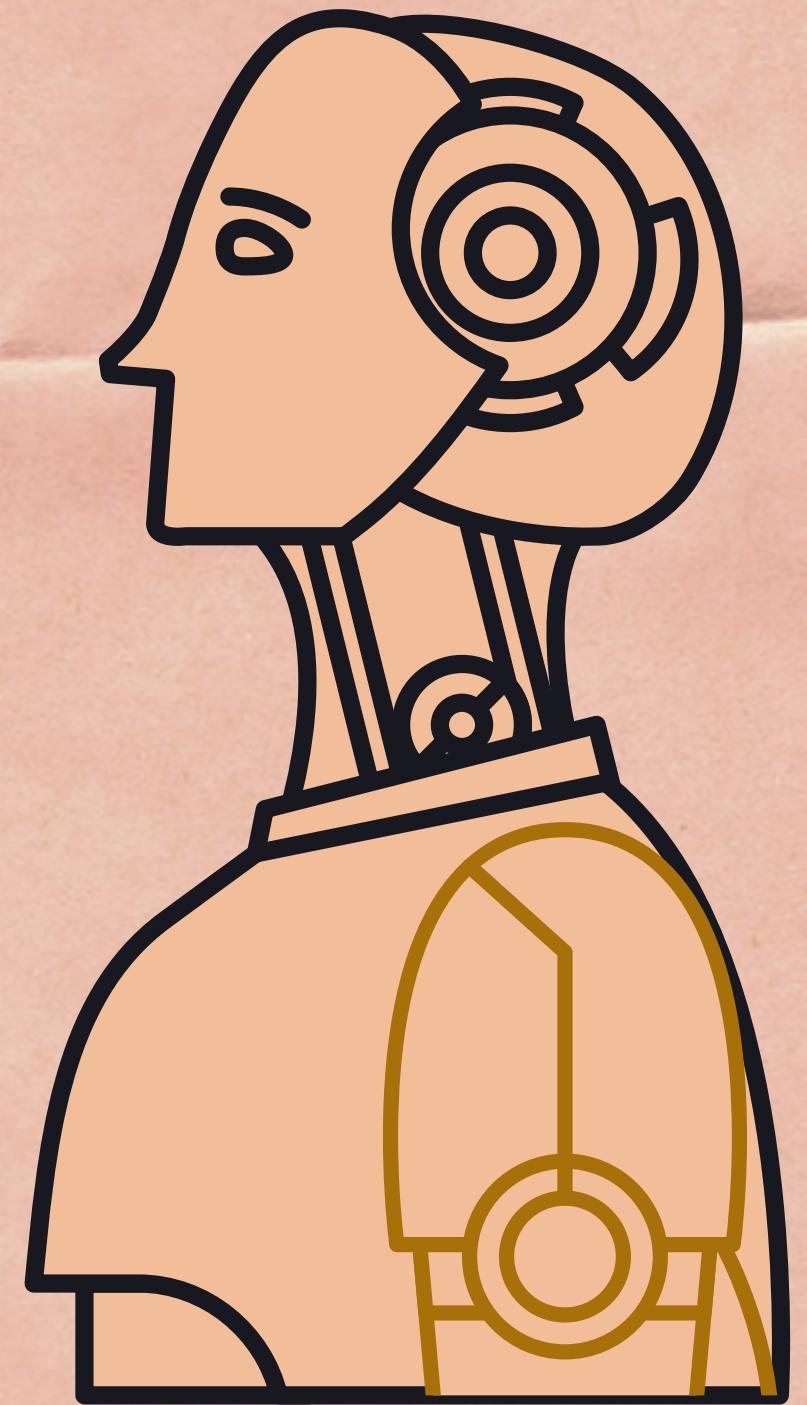
Using data analysis to meet the demands of your customer.

Data Governance

Ensure that all the data is collected in an ethical and compliant way.



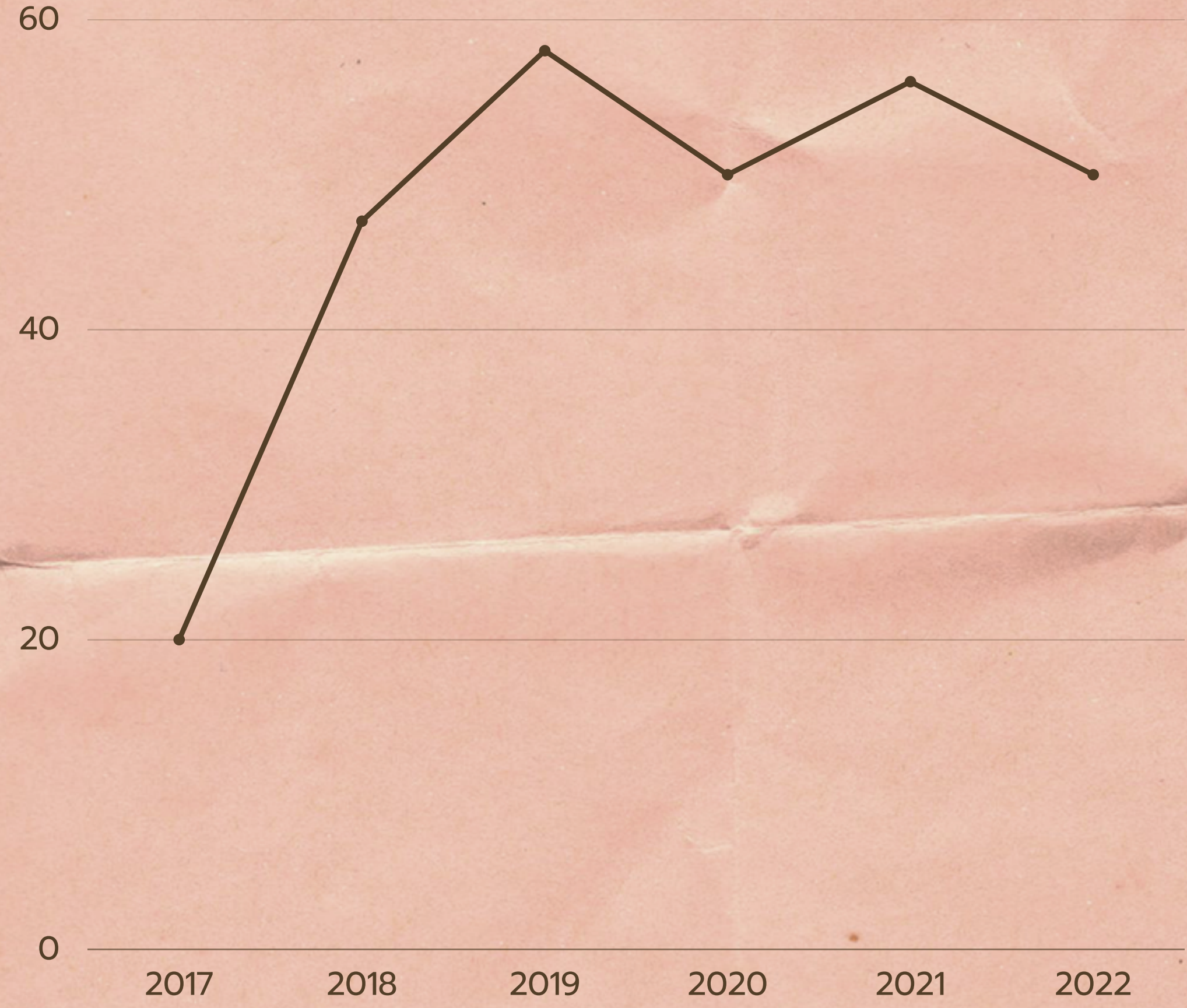
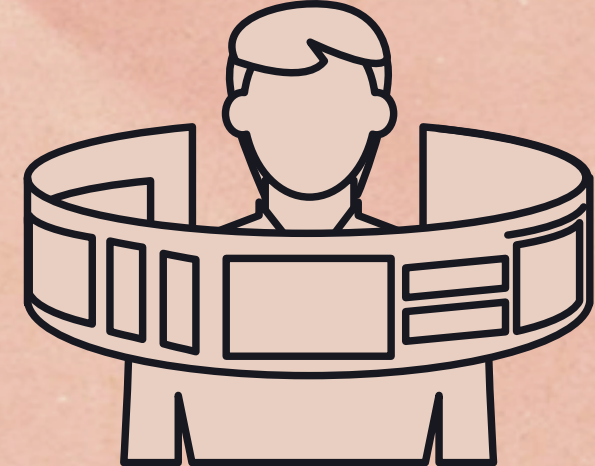
Artificial Intelligence



Share of respondents who say their organization have adopted AI in at least one business unit function

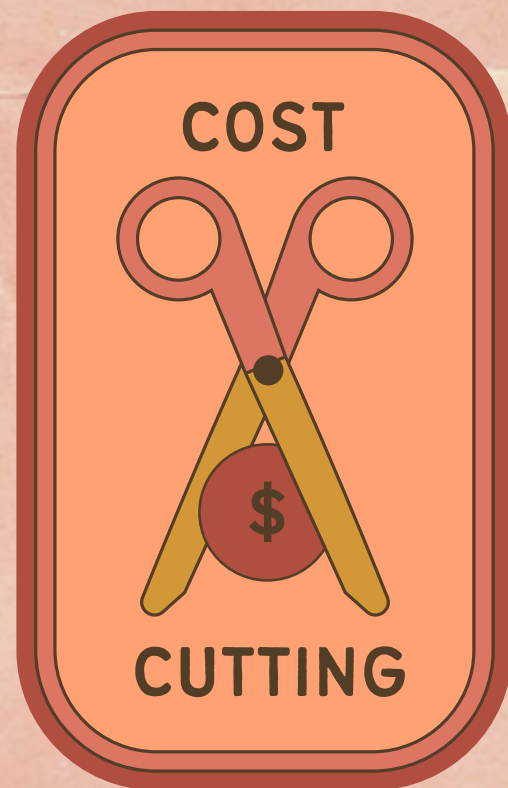
Data Provided from a McKinsey & Company Survey

- 2017 - 20%
- 2018 - 47%
- 2019 - 58%
- 2020 - 50%
- 2021 - 56%
- 2022 - 50%



Implementing AI

Why and How Banks Implement AI



Opportunity to cut costs



Employees with technical skills



Making processes more Efficient

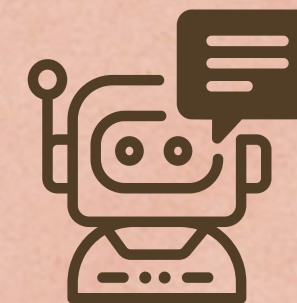
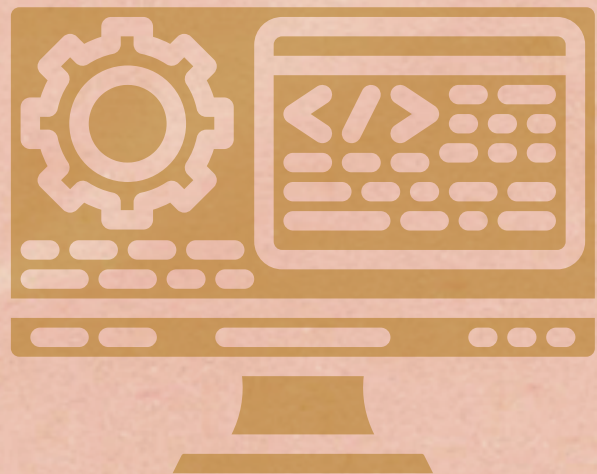


Image recognition programs, chatbots, finding predictive patterns, and credit decisions

AI Implemented



01

Image Recognition Programs

Recognize individuals who come into branches

02

Chatbots

Allow customers to ask questions 24/7, pay routine bills, and deliver fraud alerts.

03

Fraud Detection

Extends into AML and know-your-client programs to uncover unusual patterns

04

Credit Decisions

Concern about what would happen if implemented, AI discrimination

AI Challenges

Innaccuracies

AI models unintentionally have biases, because they are only as good as the information they have been in contact with.

Frustrations

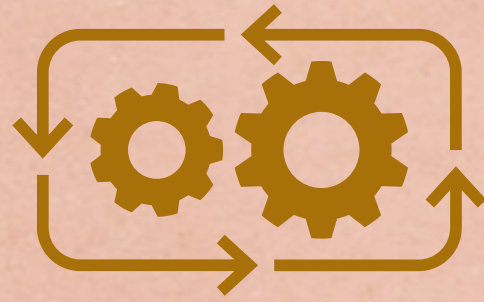
At times, consumers deal with frustrations related to AI technology when they are new to the process, expect an error free product, or have a larger issue.

Knowing Your Model

If banks are unable to explain their models it can be difficult for the bank to comply with various regulations.



Questions for the Future



Automation vs. **Augmentation**

What jobs will AI replace? and What jobs will AI create?

Possible Challenges

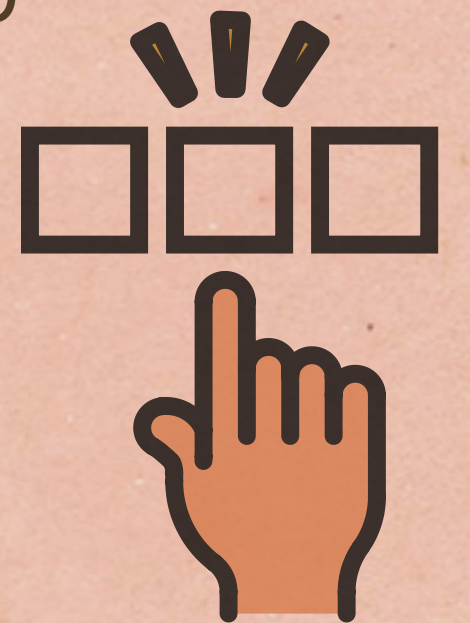
- Climate Crisis
- Economic Inequality
- Political Instability
- Technology Ethics



Flexibility and Tenacity

Adapting to these ever-evolving challenges and change goals when necessary to continue to thrive

What is anticipated now may be completely different than what happens in the next 10, 20, and 50 years.



Thank you!

Any Questions?