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Portfolio

[tag] Innovation Station

**[hed] Budgeting for the future**

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When it comes to budget, it all goes back to strategy. How you align your resources supports your direction as an organization. The opportunities that emerge from action versus reaction can set a course for a bank’s vision of the future.

Sometimes, that means taking a leap into the unknown for a solution that has clear potential but may not offer certainty of an immediate turn. Take, for example, instant payments. With FedNow, use cases are still emerging and evolving, but bankers know they need to act so they aren’t late to the game and chasing opportunities as an afterthought. Immediate financial returns notwithstanding, bankers realize that they need to invest in instant payments to remain competitive.

And in today’s landscape, making that choice may be difficult but necessary. While it may seem counterintuitive to place a greater emphasis on innovation when the threat of revenue declines lingers, choosing to innovate is a strategic investment in the future. The lost opportunity cost of doing nothing can far outweigh today’s finances.

Chief financial officers worldwide agree. In fact, a [March survey from EY](https://www.ey.com/en_us/cfo-agenda/top-cfos-focused-on-banking-volatility) pointed to digital technologies as the most critical area of investment and the least likely place for cuts, surpassing R&D/product development as the most important strategic emphasis. That’s because digital drives much of today’s innovation focus and customer experience expectations. In an app-based, instant gratification society, having the right digital interface can make all of the difference in staying connected—even virtually—with your customers.

Fortunately, digital transformation, like so many other areas of focused innovation, can start with a light-touch, low-lift solution that doesn’t take a lot of effort or expense to achieve appreciable results. Consider ICBA ThinkTECH Accelerator companies like Beauceron Security which helps employees better recognize fraudulent communications, or Finosec which supports a broader cybersecurity approach. These simple-to-implement solutions have immediate impacts on the bottom line by creating a stronger risk mitigation program.

Which is precisely why ICBA has focused on bringing these low-barrier-to-implementation partners to the surface through the Accelerator. Many Accelerator companies can be up and running in a matter of weeks, helping to streamline bank operations and cut expenses in the process. They offer opportunities to strengthen innovation in a strategic, cost-effective manner. More information and demos from these companies can be found on <i>*ICBA.org*<i>.

There’s no doubt that we’re in a tricky economic environment, but by focusing further down the line, we can get ahead of industry evolution and prepare for what’s next. Just as ICBA is investing in the ThinkTECH Accelerator, bankers need to place resources into those solutions that will support them when the economic conditions swing back around. This future proofing will help to ensure that you have put the right elements in place, so that your strategic direction remains relevant even as the market evolves.

 *Charles E. Potts is ICBA’s executive vice president and chief innovation officer.*

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