

Q2

Your Digital Banking RFP Evaluation Guide

Here's help in getting the most from
your next RFP

The world of digital banking has changed. So should your RFP.

Today, digital banking is more than a channel, a website, a mobile app—it's how financial institutions manage customer relationships, grow, and deliver their brand. And the pandemic accelerated the shift to digital overnight.

With all this change, it's time for financial institutions to update how they evaluate new vendors, too. We see hundreds of requests for proposals (RFPs) year in and year out, and we've seen important areas that financial institutions commonly overlook and should consider in any digital banking RFP evaluation.

In this Digital Banking RFP Evaluation Guide, we've outlined these important areas and included the top questions related to them that your financial institution should include in your own RFP when evaluating vendors.

1. Single Platform, Omnichannel Banking
2. Onboarding
3. Personalization
4. Security
5. Innovation

Digital banking is more than a channel, a website, a mobile app—it's how financial institutions **manage relationships, grow, and deliver** their brand.

Single Platform, Omnichannel Banking

A single platform approach to digital banking allows consumer and/or business banking across online and mobile channels that is extensible, scalable, and secure.

Digital banking among consumers and businesses is accelerating, especially as the many people and organizations that turned to digital at the height of the pandemic now prefer it. There's little argument that financial institutions also are benefiting from this sea change and will continue to do so.

With that said, speed, simplicity, and efficiency are more important than ever. A single user interface and experience across user types, one set of login credentials across all consumer and commercial banking tools, and a unified back-office admin console can help a financial institution do more without adding complexity for account holders and staff.

Why it's important

CONSUMERS: Only 35% of consumers are "in branch dependent," compared to 42% pre-pandemic—as more consumers have grown comfortable using web and mobile apps.¹

BUSINESSES: Nearly 50% of companies report that their digital banking experience has hindered their company growth.²

Here are the questions to consider asking a digital banking vendor as your FI approaches its RFP

1. Does your company provide a single platform approach to digital banking?
2. Does your platform allow consumer and/or commercial banking?
3. Is there a consistent user experience across segments served?
4. Does the platform allow both consumer and commercial banking from mobile phones and tablets?
5. Is your platform cloud-based or solely on premises?
6. If a cloud-based platform, is it operated through a public, private, or a hybrid cloud approach? Or is the platform run through a distributed cloud approach with edge computing?
7. Does the platform have a single admin console for all account holder segments?
8. Does the platform allow "write once, deploy everywhere" and include a robust SDK and developer network to produce customized banking solutions?
9. Are universal payments such as ACH, Wires, Zelle, and real-time payments available?
10. Is RDC and mRDC deposit support in place?
11. If commercial banking is offered, is integration with CRM and ERP provided?

AREA 2

Onboarding

An automated onboarding process for account opening or applying for deposit services through desktop, mobile phone, or tablet.

Digital onboarding today is more than the ability to open a checking account. It should be an e-commerce-like experience.

Your account holders and prospects are looking to do more: They need to deposit their paychecks, make payments to their merchants and billers, even opt in to other banking and lending products. And driving those behaviors as part of the onboarding experience is how you establish deeper relationships.

With effective digital onboarding, your financial institution can establish deeper relationships that are more than transactional and give you the ability to drive the behaviors that lead to long-term profitability and engagement—quickly, digitally, and in one cohesive experience.

Why it's important

CONSUMERS: Fast, frictionless, secure onboarding matters across demographics. More than half of young millennials and senior millennials, 42% of Gen Xers, 24% of baby boomers, and 20% of seniors have applied for a new account, credit card, or loan through an FI's website or mobile app.³

BUSINESSES: Fast, frictionless, secure onboarding also matters to SMBs. Over 75% of small businesses have said digital AO was important to them.⁴

Here are the questions to ask a vendor as your FI approaches its RFP

1. Does your digital banking platform provide account onboarding (AO) for consumers and businesses?
2. Can you offer insight into our users' abandonment rates?
3. Does your platform support easy account switching and direct deposit at the time of account opening?
4. Do you support flexible pre-integrated KYC/KYB decisioning as part of the onboarding process? And can applications be auto-populated with the applicant's information?
5. Can you provide a security overview of your onboarding process?
6. Is your platform deeply integrated with digital banking and the core and allow end-to-end workflows?
7. Does your AO solution support cross-sell and upsell during onboarding?
8. How does your solution allow us to present our cards top of wallet?
9. Do you support configurable guides, pop-ups, and tutorials for education and retention?
10. Does the AO solution support the front line in opening an account for a prospect?

Personalization

Custom experiences and tailored services and solutions for individuals and groups through intelligent technology.

As the number of features and functions in digital banking has grown, the experience for account holders has only become more crowded and less personalized. But digital banking technology today can help you deliver a more personalized and rich experience to every account holder.

Putting technology and data to work in smarter ways can create new and lasting relationships with consumers. Personalization, especially when backed by speed, simplicity, and data-driven insights, allows a bank or credit union to proactively engage account holders, understand them better, and offer the services they need.

And personalization doesn't stop with consumers. Businesses of all size—micro businesses, mom and pops, startups, SMBs, and corporations, increasingly demand highly customized banking experiences.

Why it's important

CONSUMERS: Right now, 81% of Gen Z consumers around the world identify personalization as a feature that could deepen their financial relationships.⁵

BUSINESSES: Commercial clients now demand fast, simple, personalized, and fully digital services and 95% of commercial clients that use digital retail banking services expect the same in their business.⁶

Here are the questions to ask a digital banking vendor as your FI approaches its RFP

1. Do you place a precedence on user experience (UX) for both consumers and businesses?
2. Is there intelligent technology to deliver dynamic personalization to account holders?
3. Are there data and analytics technologies available—such as machine learning—to produce actionable insights that further sales?
4. Is “banking as a service” and self-service banking technology in place?
5. Can you enable real-time homepage adjustments for different account holder segments?
6. Does your platform have multilingual support across all channels?
7. Does your company actively monitor ADA guidelines and meet recommendations?
8. How committed are you to innovation such as API integration to meet customer need?
9. Can the technology be used to facilitate better engagement with account holders in-branch?
10. Will the same insights from your digital platform be easily available for front office staff to help offer the right solution to the right customer?

Security

The tools and expertise to protect a financial institution and its account holders' identities and assets from fraud and other forms of cybercrime.

The increase and sophistication of cybercrime—from state-sponsored cybercriminals to disgruntled, malicious personnel—should be a major concern for your financial institution. Multi-layer security that includes 24x7x365 monitoring and response must be in place to prevent the full range of threats today, from direct and indirect fraud, identity theft, and ransomware attacks.

Besides active monitoring and response, financial institutions and their vendors must “out innovate” cybercriminals, staying many steps ahead of their hacking efforts. Blockchain and Zero Trust, as examples, are facets of innovative security and remain ripe for further advancement.

Why it's important

CONSUMERS: Almost 65% of consumers believe FIs are responsible for protecting payment and personal information.⁷ Almost 50% of consumers would lose trust in their bank if it didn't seem in control of data security, and almost 60% would distrust digital payments if their account was compromised.⁸

BUSINESSES: SMB lending fraud is an area of significant concern and can deeply undermine commercial banking relationships. In a 2021 survey, only a minority of lenders indicated this criminal activity is declining.⁹

Here are the questions to ask a digital banking vendor as your FI approaches its RFP

1. Does your company provide best-practices, multi-layer security? Provide an in-depth explanation of each layer.
2. To date, what is the amount of investment that your company has made to digital security?
3. Do you actively invest in emerging security technologies and best practices? Provide the cost allocation and where investment dollars are going.
4. Do you have 24x7x365 monitoring and response to possible security breaches?
5. Do you have in-person and intelligent fraud monitoring, particularly in the lending area?
6. If you practice Zero Trust security, provide a detailed explanation of your processes?
7. Can you explain if and how you use bots in your security framework?
8. What specifically are you doing in the area of blockchain and tokenization of data?
9. Do you offer multifactor authentication?
10. Do you have P2P and card restrictions in place?
11. Will you explain your disaster recovery and why it is better than competitors?

Innovation

A cultural and financial commitment to digital banking solutions to transform financial services, produce financial experiences, and always meet the tactical and strategic needs of financial institutions.

Many digital banking vendors have made efforts to innovate, and some have produced important tools and solutions for financial institutions. A vendor commitment to innovation should be genuine and backed by dedicated time, staff, resources, and R&D funds on behalf of its financial institution clients.

This kind of vendor understands the competitive landscape facing banks and credits unions, delivering the digital means to grow amid low interest rates and margins and ongoing security worries—not to mention pandemic uncertainties. The speed of change and ever-evolving account holder expectations means financial institutions must move faster than ever before.

Why it's important

CONSUMERS: Innovation is one reason for fragmentation in personal financial relationships. Consumers continue to choose banks for these relationships, but they now maintain an average of 2.5 relationships with fintechs and other financial firms.¹⁰

BUSINESSES: The shift to experiential banking is now no more a luxury but a necessity. Commercial FIs will need to cater to the underserved SMBs, meet the expectations of new-age businesses, and enrich CX for large corporates. To modernize and simplify existing processes, intelligent automation is the way forward.¹¹

Here are the questions to ask a digital banking vendor as your FI approaches its RFP

1. What percentage of your company's budget is dedicated to R&D and new product development?
2. Who primarily leads product innovation at your company?
3. Does your company seek input and insights from your financial institution clients as part of your innovation efforts?
4. In the past two years, have your innovation efforts been recognized by industry experts?
5. Can you describe your developer programs? Are they onsite only or offered through a CDP framework?
6. Is a partner marketplace available to share innovative solutions by third-party fintechs?
7. Can you list the fintechs you engage with and/or who provide platform-compatible solutions to clients?
8. Are APIs part of your platform extensibility efforts?
9. Will you explain your disaster recovery and why it is better than competitors?
10. Do you deliver upgrades seamlessly?

Make the most of your RFP

When you make a digital banking partnership decision, it's often for the next five to seven years, or more. It's also likely been that long since your organization last conducted an evaluation, so it's important to dust off your old RFP tools and update your search criteria.

Make sure you ask questions oriented toward the future and not the past or today. The areas and questions in this guide should give you a solid starting point.

When you ask most folks today how they like where they bank, they'll often point to their mobile device as they're answering the question. Why? Because whatever device they access their digital banking services through is their FI in their eyes.

Today, digital is banking. Choosing your platform really might be the biggest decision in the history of your FI. Get it right with a strong RFP.

Sources

- ¹ PwC's 2021 Digital Banking Consumer Survey
- ² 2020 Stripe survey conducted in partnership with Savanta among 1,000 small to medium-sized businesses in the U.S. about business banking experiences
- ³ Customer Survey, Aite-Novarica, 2020
- ⁴ Delivering the Experiences Small Businesses Expect, Aite-Novarica, 2021
- ⁵ EY 2021 NextWave Global Consumer Banking Survey
- ⁶ Commercial Banking Top Trends 2022, Capgemini
- ⁷ Technology and Fraud: Consumer Concern is Real, Mercator Advisory Group, 2019-2020
- ⁸ nCipher Security survey, 2019
- ⁹ Fraud in Small-Business Lending, 2021: Lenders Under Attack Fight Back, Aite-Novarica
- ¹⁰ Accenture's Top Commercial Banking Trends in 2021
- ¹¹ Commercial Banking Top Trends 2022, Capgemini

Your FI's digital banking RFP should have the right questions to find the right vendor to bring the right results: **satisfied account holders and growth opportunities.**

For more information go to [Q2.com](https://www.q2.com) or call (833) 444-3469.