



Branching Out: A Retail Banking Podcast Series

Episode 5: Doing Well While Doing Good

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Kristin Korzekwa: Hello everyone, and welcome to Branching Out, the podcast where we explore trends in retail banking through conversations with leaders from across the financial ecosystem. I'm Kristin Korzekwa.

Bill Dworsky: And I'm Bill Dworsky. On today's episode, we're excited to have the chance to talk with Paul Dilda, head of retail strategy products and segments at Bank of Montreal, or BMO. Paul, thanks so much for being here.

Paul Dilda: Thanks, Kristin and Bill. I'm really delighted to talk to you today.

Kristin Korzekwa: Wonderful. Well, I'm glad we got the first thing out of the way on how to pronounce BMO correctly. It's 'bē-mō, for all of our listeners out there, that's the most important part here. (laughs)

Paul Dilda: Sure.

Kristin Korzekwa: Paul, so tell us a little bit about your leadership there at BMO. If there is such a thing as a typical day in the life, how would you describe your day to day in your role at BMO?

Paul Dilda: Yeah, thanks, Kristin. And as you said, I don't know that there is such a thing as a typical day. But outside of my day job, as many listening might appreciate, a great deal of my attention is going towards our integration with Bank of the West, which is scheduled for Labor Day weekend. So, we're getting down to the wire, and it's exciting times, and we're looking forward to that.

Paul Dilda: But when I think about my real day job, as I like to say, my area has three main components. First of all, consumer strategy, which is for me, working really across the organization to develop and deliver really compelling experiences to help our customers achieve real financial progress. The next area for me is I head our deposit products management team. So, all things deposits, which we know are interesting and exciting right now, and so that's garnering a lot of attention. We're seeing competition intensify. So, that's certainly taking a lot of my time. Last, but certainly not least, is segments. So, we run segment management through my team as well. And really, there, we have some great developmental work underway, really focused on our underserved customers as well as some of our more established segments. So, that's my day job.

Bill Dworsky: That's exciting. Paul, you previously led distribution through the branch and ATM work. How has that informed how you think about strategy and design for increasingly digital-first customers, either through with your segments hat or more generally across the board?

Paul Dilda: Yeah, that's a really interesting question, Bill. I think if there's one thing that I'm sure many others have learned through the years is that bank customers are truly multichannel. And while preferences differ, I think there still remains compelling reason for branches, largely for those seeking advice and guidance on a range of things. And I always remind myself that what's complex to one person might be not complex to another. And so, we have to recognize that complexity as individual, and sometimes they're looking for that direct advice and guidance, and largely that happens in our branches. When I think about ATMs, that continues to be really important to customers. It constantly trends in the research that we see about importance from a brand and bank choice perspective. So, all to say, I think from a strategic perspective, we continually ground ourselves in the fact that our customers are truly multichannel, and we really have to orchestrate everything that we do, our experiences, accordingly. For example, in our customer onboarding that we do, we have a process for personalized email communications, but we also include a phone call from a banker. So, the whole point is we try to be as seamless as possible and serve customers in the way they want to be served.

Bill Dworsky: How do you think more generally about relationship-building, developing loyalty for those different types of customers, whether they be digital-only, digital-first, etc.?

Paul Dilda: Yeah, again, it's really interesting because we're seeing more and more digital than we ever have before. And then trying to understand that is a really important facet. But I'm probably not going to answer the question by saying it depends. (laughs) Certainly, digital account opening has made it really fast and easy for customers to apply for whatever product they choose. And I would say historically, frankly, banks have often relied on inertia. And all of the digital capability is really eroding that barrier, if you will. So, I think we're going to see more fluidity in customers. Many of our products are commodities. So, you really have to invest in creating an experience for customers to enhance and enrich every interaction. So, when they come with you digitally or even through the branch, how do you continuously engage them? And I think that's even more important for a digital-first customer. And so, like I said, how you continually engage them. The example I used before of, we might include a personal phone call even though you're a digital customer because that's the right thing to do. And a lot of that for us, when I think of digital-first and the people that come through us through our digital account opening, is through those automated journeys that are increasingly personalized, is another facet. Like, really know your customers and understand them, and talk to them, speak to them, reach out to them in ways that are meaningful to them. I think we've all seen both good and bad examples of that. I can think of many non-financial brands where they overwhelm me with communications that are not relevant to me, and that actually makes me want to disengage from that brand. So, I think the perception of them being less sticky is in part because it's just as easy to leave as it was to come in. And finding that secret sauce of what's the right balance of engagement and entrenchment with those customers, and then earning the right to deepen that relationship is a really important part of the process.

Kristin Korzekwa: My head went right to your earlier comment, too, Paul, when you answered that question around, you might walk into a branch, but then we're going to engage you digitally. You might come to us digitally, but we're going to try to engage you from a human-to-human perspective as well to help with that advice and some of the things that that customer might be looking for. That's really interesting. And I wonder if it's also a little bit of a time and place, and trying to, to your point, find that sweet spot. Maybe digital is the way to go when I'm on the go, but when I'm settled at home and have an opportunity to think about my finances, that's where I really want to know that there's a banker there or somebody I can talk to and get that advice from. So, that's a great connection point.

Bill Dworsky: Paul, if we put a little bit more of a product lens on that, maybe switch to one of your other hats—on deposits—how do you think about product and offer management, marketing to new customers, generating the same relationships and loyalty, but also thinking about bringing lending and other types of credit offers to customers over time, when many customers often start from a core checking or core savings account as an intro to the relationship with BMO?

Paul Dilda: Yeah, I mean, there's a lot to unpack there, Bill. I think, yes, usually the entry product into a bank is through checking. Like we see north of 70% of that's where we start relationships. And then, how do you then grow that relationship from there? But it's not the only entry point. So, when we talk about digital-first, that could be a credit card, could be a mortgage, or a different type of loan. And so, we need to think about, again, that engagement model and that onboarding model across all products. So, if it's mortgage first, if it's card first, and something that we've done very deliberately is we try to have an onboarding journey regardless of how you came into us. Whether it's through the branch, whether it's through a lending product, whatever the case may be. And we're trying to, again, customize those and personalize them. And then, again, going back to what we just talked about, it's about how do you properly onboard a customer. So, engage them, ensure that they're getting everything out of the product they just got, including advice and guidance potentially. So, one of the things we like to do is potentially include some financial education or literacy components in what we're doing. And then I like to think about it as earning the right to deepen the relationship. So, when do you have the trust, the affinity with the brand to start to go deeper and to start to offer solutions at the right time, in the right place, and the right channel.

Kristin Korzekwa: So, you touched on it a bit in your comment about providing financial education, but I see BMO out in the market speaking about enabling customers to make real financial progress. And Paul, I also see you actively promoting that on your social media channels. Can you share a little bit about what that means for you and crafting your product strategy? How BMO brings that ambition to life?

Paul Dilda: Yeah, we talk a lot about real financial progress, as you've noticed for our customers, Kristin. And that's really how we bring BMO's purpose to life—of boldly growing the good in business and life. And that's how we want to demonstrate that we're maybe different than other banks, because we're really invested in helping you achieve real financial progress. So, let's maybe break down what that means because it's an interesting phrase. But really, when we think about it, it's how do we help our customers get ahead and stay ahead, in its simplest form? And we did a lot of research around the fact that customers are really looking for banks to support them, and they give us the right to help them. And it's things like, they've told us, "How can you help me make the most of my money as it comes in? How can you help me prepare and manage for the unexpected?" Or frankly, "How can you just cut me some slack when something bad happens?" And so, again, so that more consumer language about what we're solving for, and it's very multifaceted. So, when you think about so many people in different life stages or different circumstances, getting ahead might mean something completely different. Like you could be just starting out, you could have destroyed your credit and you're digging out from under, or you're getting ready to retire. You still need to get ahead, you still need to stay ahead. You need that momentum in your life, and you need the confidence that comes with that. So, what that means is, I think ultimately, when we think about our strategies, and what we're trying to do at BMO with respect to real financial progress, is really thinking about customer outcomes, not just the products we're trying to sell. Of course, you've got to have great products, you've got to have great marketing, but really thinking about how you deliver them in a way that helps the customer achieve the progress that they're seeking.

And so, I'll give you an example. We prioritized credit-building as a key experience journey for a lot of our consumers. And so, in addition to great credit-building products—we actually have something called Credit Builder—we've also embedded digital education, like I've mentioned before. We're helping them understand the importance of credit. And then we have digital tools in our online banking that has things like tracking and simulation. And then we also regularly follow up with those customers. How are you doing? Are you making progress? Are you getting ahead with your credit score? And again, that's what I mean about just creating now more holistic experiences that are really about those consumer outcomes.

Kristin Korzekwa: So, broadening that a bit, Paul, in what other ways do you think banks are in the best position to make a real positive social impact for their various stakeholder groups?

Paul Dilda: I guess there's a few ways to think about that. So, I'll just come at it the way we think about it at BMO. A, we have a very, I think strong purpose. To be repetitive, it's about to boldly grow the good in business and in life. And that has a very broad reach when you think about it. And a lot of time, when we talk about our work and what we do, we talk about our version of the three C's, which is namely colleagues, customers, and communities. And so, I think part of what you're getting at Kristin, was around what do we do with the communities? Yes, we have customers, we want to serve them well, we want to give them access to products. But that community role can also be something where banks can play an important part of the communities in which they serve. And I know that's something that BMO's very dedicated to. And that's more than just the typical corporate donations that you might see or associate with financial institutions, even though BMO does have, I would say, a world-class employee giving campaign. So, that's not unimportant in the equation, where through our partnership with the United Way and really generous employees, we're able to donate tens of millions of dollars each and every year to the communities in which we serve through that program. And it's really powerful. But also, we support through other programs such as volunteerism, I would say even targeted hiring programs in underserved communities, specialty lending programs. So, there's a lot of facets in which we can play a role in influencing and impacting the health of our communities in which we serve. And I think that's part of our obligation because, again, we have tools and resources that can be really beneficial for those communities.

Bill Dworsky: Paul, are there any ways that you think about balancing or think about business performance trade-offs, or are there true win-wins when it comes to community involvement conditions or things like that? Whether it's pricing or specific fees on products or otherwise?

Paul Dilda: It's kind of a hard question. The one thing that comes to mind is when I think about some of our specialty lending programs. And I'll maybe use our business banking as an example; specialty lending programs for groups that might be marginalized. So, whether that's women in business, minority-owned businesses, the list goes on. And sometimes, we think there's performance trade-offs, but that doesn't always materialize. Is there a different type of risk that we need to manage and understand? Likely. But a couple things. One is sometimes we find the people that we're targeting through these specialty programs actually don't need a specialty program. It's sometimes understanding, it's accessibility. For some reason, we're not reaching those communities. So, part of it is just getting to the right communities with the right solutions, with things we already do today, so that doesn't feel like a trade-off. And two, for people who you're giving an extra helping hand to access something that they genuinely need for their financial progress—that makes them sometimes more loyal. So, I think you sometimes can create a different type of customer. So, while I'll say there's differences, I don't know that we're actually compromising anything in the process when you do it right.

Bill Dworsky: You mentioned small business as an example; more broadly, are there particular ways that you distinguish or think differently about strategy for small business segment versus individual consumers when it comes to financial progress or promotionally for things you do with the community?

Paul Dilda: Sure. I think what's great about our value proposition is it's equally applicable to businesses, as it is to consumers and their individual finances. So, business owners are also looking for real financial progress. How do they grow their business? How do they help their business get ahead? How do they stay ahead, as in not fall back. And despite the differences obviously in the solutions, it boils down to,

in my mind, the same type of philosophy of what we're trying to do. We're creating experiences that are not just one and done. I think they're multichannel, they're multifaceted, they have duration. We engage customers over time because progress is a continuum, and being there, right place, right time with the right solution, regardless of if you're a business customer or a consumer. And one of the ways in which we do that—again, there's a number of ways—but we actually, in our outbound calling to consumers, do progress checks. We check in with them, we have needs-based conversations. So, it's a bit of a nuance, but we could do, "Oh, you're Bill, you're right to buy this next product, and I'm going to phone you hopefully at the right time to get your interest in that product." That's not a bad thing. That's a great outcome if it meets your needs. But isn't it better, isn't it more robust if I can have a conversation to understand what's pressing for you? What is the most important thing that's on your mind? And maybe it's not the first product that I thought you were going to buy, but it's the third one, but I still might have a solution or a product that helps to meet your needs. So, when we have these progress checks, we're checking in, we're listening to understand, having as solid a needs-based conversation as we can, and then ideally, matching solutions where we can. And it's proven to be very effective. And that's part of that continuum, like I said, of continuing to stay abreast of the progress of our customers.

Kristin Korzekwa: So, Paul, that conversation makes me think about the people that are facing off with your customers. The team members in your branches and the folks handling your contact centers. So, given your earlier comment about there's been an evolution of where customers are increasingly looking for advice and guidance from their banks, what has that meant, from a talent perspective, in terms of either who you're recruiting, how you're enabling your team members that are facing off against customers to be ready to do that?

Paul Dilda: Yeah, I don't know if it's changed our recruiting so much, Kristin, because I think we've always had great colleagues who are wanting to do the best thing for our customers. And so, I would really point to more enabling that. The passion was always there, the commitment was already there. And when I think about even some of the things we just talked about—a progress check—that comes from helping them have guided conversations so that they can have a proper needs-based assessment with a customer. So, I point to it more in terms of really great enablement through, whether it's conversation guides, training, shifting from let's say that product push outbound call to a more needs-based listening type of session—that's one piece of it. Supporting them through some of the other things that I talked about in our multichannel outreach and connection. They should feel very connected to the fact that I'm going to email that customer you just opened an account for, and then I'm going to let you know, "Oh, now's a great time to call them and check in with them." And as we combine our systems back to enablers, they can see, "Oh, Bill got these three emails, so I know exactly what we sent him." And so, you can have better, more informed conversations. And so, it's a long row to hoe to really shift the organization to that modality. But the more we enable our bankers to have great conversations, the more successful they are. And we see that happening every day.

Kristin Korzekwa: I like that. The passion's always been there; we need to do a better job of enabling them.

Paul Dilda: A hundred percent, yeah.

Bill Dworsky: Paul, this has been great. Fantastic conversation. Let's shift gears a little bit, and if it's OK by you, try a little bit of a lightning round.

Paul Dilda: Alright.

Bill Dworsky: OK, cool. So, with your deposit hat on, will, in your view, interest rates on deposit accounts for consumers, on average, be higher or lower in two years from now?

Paul Dilda: Ooh, so much in the environment's been really stubborn. So, I'm going to say slightly lower, but not a retrenchment.

Bill Dworsky: Great. How frequently do you open your bank's mobile app for personal use? Daily, weekly, or monthly?

Paul Dilda: I'll probably say weekly.

Bill Dworsky: When was the last time you wrote a check to make a payment?

Paul Dilda: We talk a lot about checks. I can barely remember, but I do recall something that I think was government-related where my only option was to write a check, and I had to dig in my closet to find my checkbook. But to be honest, I can't remember when it was.

Bill Dworsky: That sounds about right. OK, last one. In 10 words or less, what are you most excited about for the future of banking in the next five years?

Paul Dilda: Oh, 10 words. I'm going to say really advancing on the data front, and hopefully, finally really breaking through on leveraging data effectively. That was more than 10 words, I know.

Bill Dworsky: It's OK, I think we'll allow it.

Kristin Korzekwa: Well, that's all the time we have for today, so thank you, Paul. Really insightful conversation. I'm certain will inspire many of our listeners. Also, special thanks to our Deloitte teammates who made this episode possible as well as our friends at Hangar Studios. If you're looking to go deeper on topics from the podcast, check out our website online at <https://www2.deloitte.com/us/en/pages/financial-services/topics/retail-banking-podcast-series.html>, where you'll find short show notes and other relevant links from our conversation today. If you have ideas, suggestions, or other feedback about the show, drop us a note at branchingout@deloitte.com. We look forward to exploring the future of retail banking with you again soon.

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