Branching Out: A Retail Banking Podcast Series

Episode 6: Banking in the Cloud: How Tech Platforms Continue to Evolve

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Law Helie, general manager retail banking, nCino

Bill Dworsky: Hi everyone, Welcome to *Branching Out*, the podcast where we explore trends in retail banking through conversations with leaders from across the financial ecosystem. I'm your host, Bill Dworsky.

Kristin Korzekwa: And I'm Kristin Korzekwa. On today's episode, we are excited to talk with Law Helie, general manager of Consumer Banking at nCino. Law, great to chat with you and thanks so much for being with us.

Law Helie: Yeah, Kristin, Bill, thanks for having me.

Bill Dworsky: So, well, I'm actually curious to start by asking about your background before nCino. Can you share a bit more about your experience prior to your current role, and how has that shaped some of your thinking and just kind of how you approach your role currently?

Law Helie: Really for me, financial services started probably after I got out of the Marine Corps and went to college, and I just kind of fell into it, to be honest with you. I started working at Bank of America. I was lucky enough to get accepted into their management training program. Great organization, learned a lot.

I was in their branch banking line of business for just about six years. Did some enterprise-level change management for them, which was a really sort of interesting segue getting into the software end of the market. We had gone about converting over to a new platform banking system. I started looking elsewhere, and I ended up working for FIS for a while. And over there primarily in their BSA/AML world, which was super complementary to the rest of the branch banking stuff. And very interesting, honestly, to see the behind the scenes of how transactions are monitored, how fraud's looked at, how banks go about looking at that aspect of the business, the technology involved, very interesting stuff. I was there for about another five-and-a-half years. I transferred to a startup out in California, which was very similar to what nCino does—so, cloud-based banking, loan origination systems, super interesting. Again, learned a lot. It was a great experience for me, but ton of travel, so I decided to look for something a little closer to home, and I was lucky enough to find a home here at nCino. And I've been here for about five-and-a-half years now, couple different roles. It's been a positive experience as well. I've been really lucky last few career moves for sure.

Kristin Korzekwa: I would imagine. Like you Law, I sort of fell into financial services in the branch environment early in my career—and kind of sucks you in, doesn't it? But all good. I could see, I think we're probably going to talk a lot about consumer lending today, and I can see where some of that background has likely shaped the way you think about the business. But maybe before we go there, Law…I historically knew of nCino primarily on the commercial and the business banking lending side. But I know that there has been a huge push to make moves and help your clients improve their consumer lending platforms and capabilities. Can you talk a little bit about maybe why the shift or how you think about the criticality of focus in the business commercial side versus consumer?

Law Helie: Sure. So, I mean, you're 100% correct. So, we started in commercial about 12–13 years ago. We've had tremendous success there, but our customers are not just commercial clients; there's other lines of business within the financial institutions. And the value that nCino brings to the table as far as for process improvement and workflow improvement, automation, really helping to move the transactions along, allowing financial institutions to really get their customer to yes faster—that efficiency can be achieved across other lines of business. So, by getting access to and branching into the consumer side of the house, also small business, also treasury management, it becomes a complementary product set. So, after the first several years, I think we spun up some sort of consumer banking/retail lending about four, four-and-a-half years ago. And had focused on it to try and get a foothold in the market, leveraging some existing customers. And I think what we quickly realized as an organization is that while commercial is broad and there's a lot, obviously from a regulatory standpoint that you need to contend with, and there's your same sort of compliance issues, but commercial innately is different. I mean, you can cater the loan pretty specifically to the organization. You can be more flexible with certain things. But in the consumer side, the regulatory environment, the compliance environment is much more strict. The expectations of financial institutions are wildly different. In the commercial world, it's sort of, "We want to make the deal work for our customers"; where in the consumer world, it's very much, "We need to make sure we're not doing anything that's going to get us in trouble from a regulatory standpoint." So, there's very formulaic processes for underwriting and fair lending and making sure no one's being redlined and we're staying compliant with all the regs. So, that's a little bit of a departure in thinking for how a system is designed. So, from a software standpoint, we really had to reevaluate how we were approaching customers, how we were talking about our software, the sort of, I'll call it "the completeness in the offering." We just want to tweak it. We want to tune the dials, we don't want to rebuild it. And then that way we know that we have our box that we can stay in really primarily from a compliance and regulatory standpoint.

Kristin Korzekwa: This may or may not be an elephant in the room sort of question, but I hear a lot from my clients around the consumer lending space specifically being lower margin yielding, relative to some of their other businesses. So, one, what is your perspective on that comment? And what is the burning platform for banks to think about investing in their consumer lending businesses?

Law Helie: I think that's generally a true statement. It really becomes a volume business. So, from an institutional standpoint, it's how many of these can we churn out while staying compliant and eliminating fraud? So, that's always a major component of it. And how can we increase our volume?

Because volume brings in dollars. And then on the other side, how do we create such a positive experience for the banks and consumers that it's not just lending, but we're also bringing over deposits. So, now we're starting to capture depository funds, we're growing CD balances, potentially there's wealth management opportunities, the cost of funds has gone up. So, if I increase my deposits, that helps to mitigate that cost. So, if I go in and I need to get a loan, and I have an experience with an institution, and say I'm looking to buy a car. I mean, the car market over the last few years was insane, even in the used market. And it takes me two weeks and I got to jump through all these hoops. It's like restaurant reviews—you're going to tell everybody you had a bad experience. But if I go in and it's done and 24 hours and I've got my money, well, I'm going to tell everybody that like, "Hey, this was great." I went to ABC Bank and I got my funds, I was able to buy my car inside 24 hours. I had a check or direct deposit or whatever it is, or pre-approval. That's really the differentiator that we're seeing in that space. And then it also becomes an analytics game where, if folks are dropping out online, how well are we tracking that? And what are we doing to remediate where we're having high abandonment rates.

Bill Dworsky: And Law, I'm curious, I know you mentioned deposits, wealth, different aspects of a potential customers' financial life, so to speak. Are there particular things in your view that are most important or critical for financial institutions to get right, so to speak, to grow that customer relationship to cross-market and cross-sell? And what are the things that you often kind of talk or recommend with bank institutions that you're working with from that regard?

Law Helie: Absolutely. So, really, everything comes down to the customer, the end-user customer. So, where we typically talk to prospects or existing customers, or when we're at conferences, some of the conversations we have is if you start to stick to the end user— for us, that can be the banker or the consumer when we look at it from a software standpoint. But from a financial institution standpoint, they're thinking about that consumer coming in the door. So, can you meet the consumer where they want to bank? Do you have all those channels available to them? So, if they want to do it online, they want to do it through a call center, they want to walk into the branch, that's key. Are you creating—and this might be like an overused term, but—are you creating a delightful experience for that consumer when they come in, and are you taking that role of a trusted adviser? Do you have the ability to recommend for me, when I come in, products and services that meet my needs? Are you taking the time to understand what I'm looking for as a consumer? So, we talk a lot with different partners on the marketing side that sort of help with defining demographics and places you should go after, how to hone your marketing for certain campaigns, how you can leverage that information within nCino or within other platforms. And that really comes down to each institution. We've worked with some institutions. They have a phenomenal playbook for how they train their platform folks, for how those folks interact with consumers, the information that needs to be disclosed, obviously all the regulatory stuff, but also just sort of more of the welcoming feeling that they're dealing with. We have folks that, once the account's open, they get assigned to a branch for branch emails and stuff like that. And that seems to go a long way. When we do follow-up, QBRs, or executive business visits with those banks, they talk about their customer satisfaction and their version of NPS scores and how they feel those actions go a long way to maintaining that customer relationship.

Kristin Korzekwa: So, Law, I want to double-click a little bit on that. And earlier on, when you were talking about the difference in the commercial lending space versus consumer lending, you talked about how it's a little bit easier on the commercial side to tailor a product offering to the specific customer and maybe a little bit more difficult when we're talking about consumers. So, what role do you see technology playing in that tailoring of an offering? Because you can think about the banker, of course, plays a huge role in the needs assessment and determining the right product fit, and the conversation that the banker might have with the customer. But what do you think the best role is that technology can play in helping to create what feels like a more tailored product solution or offering for the customer?

Law Helie: So, there's a couple of different ways you can do that. So, one is giving the banker either a talk track or just the information around those products to appropriately have that conversation. And then it becomes a mechanism of now that you've sat down, "Hey, Bill, what brings you in today?" Bill's new to the neighborhood. I'm going to ask him some prospecting questions. "You here for work?"

"Yeah, I just moved to town, took a new job, need to open an account." Great. You start to ask those questions. Technology allows you to take notes, get information on that customer, you're meeting that initial need that they came in with, then you can further the conversation. And if it's like, "Hey, I'm looking for a home." Great. So, now I can introduce them to a mortgage loan officer, I can create a referral within the system to close that loop. He's a small business owner. Maybe he also needs to open up small business accounts, and he is looking to get merchant services. So, now, again, within the technology framework that's there, I can identify a consumer customer, a small business opportunity, a merchant opportunity. I can create referrals out to my small business folks, my treasury officer. Bill's super happy because it just becomes a one-stop shop for him. And then I can continue that relationship through there. Now, additionally, within technology, once you have the accounts open, Bill starts to get the relationship seated. You can do follow-ups, you can do email campaigns. You have information about him within the bank's CRM, where you can present the offers.

Bill Dworsky: So, Law, that sounds ideal and is often the aspiration for a lot of our clients that we work with. Where are the biggest pitfalls, or what often gets in the way of that aspiration? What are the most complicated things to navigate around? Is it frontline adoption and training? Is it messy and bad data? Pick your challenge. What do you think is the most complicating factor to actually achieve that?

Law Helie: I think you hit all of them. So, I always kind of half-jokingly joke around, we talk a lot about KYC/KYB (know your customer, know your business). And something that I picked up with this from this guy at FIS, Ron, that he always used to say was, "KYD, you got to know your data." So, banks go through core conversions, they go through acquisitions, they go through all sorts of systems, sunsettings, and you really have to have control over your data. I mean, how many bills are really in my system, because you hopped around through small credit unions and some of the large ones are a perfect example of they've been purchased over and over and over. Especially in those small community banks. You really have to know your data, clean up your data, for sure. I would say from an adoption and really design standpoint, one thing through multiple roles in financial services, it's always that these types of projects, when we're talking about LOS systems and things like that, while it's very heavy on, from an IT application standpoint, they're not IT projects—they're business transformation projects. And I always sort of scratch my head a little bit when the first thing customers would want to do would be to build in their existing inefficiencies into the new product. So, when we're doing planning or we're talking about, "Hey, this is how this works, this product or that product"—whatever it may be, because I've seen this across the spectrum. You hear a lot of, "Well, today we do this, and this is what we need to keep doing." And it doesn't really make sense because institutions are spending a lot of money. They're trying to optimize their workflow. So, why build in inefficiencies? So, the one thing that we've really seen to help mitigate that is executive buy-in at the top. So, your execs know why you're doing it. They've talked to their folks, they're like, "Hey, this is the direction we're going. Here's why." They understand the benefits. And they have a strong change management process. That has been really a key driver in a lot of these conversations. Because if you have everybody bought in and know what the mission is, and how we're going to apply the tool and the known problems that it's solving, it's much easier to get buy-in. And having super users up front, folks who really know the blind spots in your process today, and they're involved enough in the process that they understand why you're moving to a new system and here's the problems that we have and here's how they're going to solve them. And then you have the ability for them to also evangelize it within their own teams. And especially if they're a trusted person that people look at, that's always been very helpful. We have had institutions set up essentially like a center of excellence, like a local center of excellence, which has been a great idea. And that's where you see the most success in adoption, because if you just go to someone and you're like, "Hey, here's what we're doing, go get it done." But they don't understand why or how it's going to help them or what it means to their job role, it just becomes a lot of internal pushback. So, getting everyone on the same boat, pointed in the same direction, and everybody understands why has really been a major key to success. You have to be ready for it. Everybody has day jobs, so when institutions go in and they're like, "Hey, I'm going to pick Bill and Kristin to do this project." It's like, "Well, Bill and Kristin also have day jobs. So, what's the expectation here?" And making sure that everyone's appropriately allocated, so they can focus on it to get the work done.

Kristin Korzekwa: And I like, Law, how you characterize...You said, it's not just a tech implementation, it truly is a business transformation. Oftentimes, I think we also see clients who pick one pain point and try to solve that in isolation. But kind of thinking about it more from an end to end and from a transformational perspective can really help you solve for a broader set of challenges perhaps.

Law Helie: And you guys do a great job of that. I've worked with you guys at a variety of roles. Deloitte's always been good at trying to help their customers see the bigger picture across the board.

Kristin Korzekwa: So, we sometimes hear, or there is a concept of transformation is likely easier for more nimble organizations, or maybe said a better way, organizations that aren't quite as encumbered by legacy tech and some of the older, kind of, again, legacy, maybe homegrown systems that a lot of our banking clients are still leveraging today. Law, what's your reaction to that? And would you have any advice for how a bank that is, again, it may be encumbered by some of that tech, legacy tech, to kind of get through that?

Law Helie: So, I would say when we see folks that are like de novo banks right off the bat. Yes, they tend to be easier because a lot of times there's nothing to unwind. But the flip side of that is depending on how new they are, they don't always have as much of a sense of what they want to do or how things should work. So, I think back specifically, pre-nCino days, we were working with de novo banks that were focusing on MRBs, marijuana-related businesses. So, it's kind of a complex borderline process anyhow. But we had run into folks that were like, "We're just going to start a bank that focuses on this." But they didn't really have a lot of the traditional sort of banking framework in place. They were able to get it done, they've been successful, but it was a little bit different working through it with them. Because some of the framework that you would expect to be in place wasn't in place, to be honest. So, that was different. But when you get into large organizations, and especially folks that Deloitte deals with, you're correct. I mean, some of them are on mainframes from the '70s, and you've got systems upon systems, and you need to unwind all that stuff. That does present a challenge. And that's really where it's critical to have an ironclad change management process. And we really want to work with that institution ahead of time to understand, what do you want to get out of this? What are you looking to do? Where do you want to start? And a lot of times that's the hardest part is just kind of getting it going, getting the customer even to identify some KPIs for what they would consider a successful transformation. And where are they going to get either the biggest ROI upfront, or where's it going to be the easiest for them to start the change? We were visiting a customer recently and we ran through the deck that we had started with them from eight years ago. And the initial, I think, guesstimate was like a 45% increase in productivity and in optimization of process. And we asked them, "Hey, eight years later, how are we doing? How do we hold up against this deck?" And they're like, "Oh, we easily got 400% out of it because here's why." And they were able to clearly define, "We wanted to increase this particular line of business." And they were able to show a year-over-year increase in that line of business. They identified, I think, it was 25 systems that they had, and they wanted to sunset 18 of them and keep seven because there were specific purposes for those. So, when you have a new bank or sometimes a smaller bank that's maybe newer, they have less of that technical debt, they have less sort of systems on top, systems that they have to unwind, but they also have less staff. They also have less, typically, a smaller IT department or a technical department that can deal with those things. They probably don't have a lot of reps with change management and adopting new systems. So, on paper, it could seem easier, but really the skill of a large community all the way through enterprise banks, they've done this several times, there's a lot of lessons learned that they can bring to bear. And it can be harder with smaller institutions and really more on the resourcing side because you don't have the extra people to throw at it. So, on paper, yes. In application, it varies for sure. But I would say typically the older, the more entrenched the systems are, the harder they are to unwind without a clear plan for sure.

Kristin Korzekwa: No, that makes sense, I think. And I like what you said about, again, starting with the end in mind and working at what are we trying to solve for? And working back from that, and then being aware of what your organizational deficiencies or challenges might be, where a good partner can help with that. So, Law, you mentioned earlier, that we can think of sometimes as the banker being our customer or the end consumer being our customer, and I think about it as happy banker, happy customer often. So, can you talk a little bit about how do you create the right kind of experience for the banker, so that it translates into that delightful experience for the end customer?

Law Helie: Great question. So, it's definitely a unique challenge for companies like us, because we really have two customers in that sense. The banker experience is a little more challenging. You really want to provide a similar ease-of-navigation experience while enabling the banker to do the banker-specific things. And that's… I might need to change your address, I might need to look something up, I might have to give you a separate set of disclosures. I might have to refer you to a different department. I might have to seek approval. I might have to get a manager override or in the back office, there could be several steps of mortgage application-gathering documents. And how do you do all those things? So, you really have to create an environment or a workflow within the product that allows you to keep track of what's going on. It notifies people when they're up or when something's completed, so there's a follow-up step. You have the ability to clearly and articulate to your customer where they're at in the overall stage, and also expose that information to a consumer portal. So, if I want to go in and check on the status of my loan, I can log in, I can see, hey, it's in underwriting or it's approved, or it's waiting for funding, or I'm missing a W-2 and a driver's license and I need to update that. So, to get that banker point of view, we hire bankers, one of our taglines at nCino is "built by bankers for bankers." And as much as I'd like to say nothing ever changes, and we all know exactly what we need to do, that's certainly not the case! It's been a decade since I've opened an account. So, really what we do is we go through a variety of what we call product development programs. And we work with our existing suite of customers. We'll show them new features, we show them mockups, we hear their pain points. We hear, "Hey, if you guys could just stick a button here that did this thing, you would make everybody's life a lot easier." So, we take all that feedback into account from a road map standpoint, from a prioritization standpoint. And by enabling the banker to complete all these tasks, know what they need to do when they come in, they come in in the morning, they've got a little task list of stuff that they need to follow up—it just makes their lives easier too. So, they're less stressed about, "Did I do this? Did I not do that? Did I give that guy the disclosures when he walked out the door?" It kind of removes a lot of the unknown during the account opening process and loan application process that allows them to be more focused on the customer and making sure that they're meeting their need there.

Kristin Korzekwa: OK, Law, so it sounds like it really kind of comes down to simplification and that not only enables a great customer experience and banker experience, but I also think it kind of goes back to some of the risk mitigation for the bank too. That simplification really ensures that we're ticking all of the risk and compliance boxes as well.

Law Helie: Absolutely.

Kristin Korzekwa: OK, Law, I'm going to ask a question that I'm sure is on all of our listeners' minds. Everybody wants to talk about AI [artificial intelligence] these days. So, from your perspective, is AI taking over or what do you think the role of AI in consumer lending specifically is or should be?

Law Helie: Yeah. AI all day, every day. I mean, that's definitely been the soup du jour for the last few months here! I mean, I think AI is definitely very, very interesting, and it's got a lot of potential. Actually, at nCino, we've had an AI team for several years that's been focusing on AI via product offering that we have called nIQ. And it really just comes down to, it's been sort of optimizations, it's been pricing, it's been how are we making the customer's, or the banker's in this case, life easier? How are we surfacing up recommendations or results or pricing comparisons or profitability calculations for loans. So, how are we able to leverage AI to cut out some of the more tedious work? On top of that, we have over the last several months, looked at other avenues there. So, we announced a partnership with Zest AI. They have an interesting model that institutions are able to take advantage of during the customer evaluation process [and] credit risk analysis process. We're talking to some other folks that deal with scoring and offers with some targeted marketing based on available data sets that get run through a model to start to figure out a propensity, how likely is Kristin to actually accept this product if we offer it to her? So, that way, the banks and credit unions can really start to tailor their offering to the consumer based on some data. A lot of times it's the data that I have about you. But a lot of people, cards, different places, accounts' different places, so they don't always have the full picture. So, I think AI is very interesting. There's a lot there when we think about automation and augmentation, where we think that AI is applicable. We're also very conscious of how it's perceived from a regulatory standpoint. The sort of larger concern, at least that I've heard, and I'm sure there's several, but at least that I've heard around financial institutions and AI, all comes down to the explainability. So, can you explain what this AI or what this model is doing and what the impact is? So, I know I'm not going to get myself in trouble. Is the data that this was trained on getting me into some sort of fair lending issue? Is there redlining? If you can't explain to the regulators exactly how it works and they're not comfortable signing off for it, I think that's the biggest obstacle right now when you start to go end to end for pricing or recommendations or approvals or anything like that. I think that's where it gets challenging today. I think it'll certainly get there. We're talking to folks about it. Financial industry has a lot of cutting-edge thought. They like to be ahead in some instances. But anything that could put them in a regulatory concern, no one really wants to jump into that end of the pool first, and I totally understand that. So, that's why we've been particular, at least nCino as a company's been particular, with our partners for who we've worked with. Some folks out there do have explainable models, but we're really looking to figure out how we can leverage it for all those things to make customers' lives easier, to make the banker's life easier.

Kristin Korzekwa: Really interesting, I think it gives us a lot to think about for what's on the horizon. So, thank you. OK, Law, this has been a great conversation, and we've covered a lot of ground. So, maybe last quick question for you: In 10 words or less, in 2030, will any banks be using mainframe technology or is everything going to be in the cloud?

Law Helie: With the cloud efficiencies that we have today, I wouldn't think anybody's going to be on mainframes in six years—seven years! We have seven years, so yeah.

Kristin Korzekwa: It was bold. Alright, well, we'll see then in 2030 if we can say that the technology has evolved from what you and I experienced in the branches back in our day, right? That's great. Well, thank you, Law, and thanks to our listeners out there for tuning in to today's conversation. Thanks also to our Deloitte teammates who made this episode possible along with our friends at Hangar Studios. If you're looking to go deeper on some of the topics we talked about today, check out our podcast webpage online at deloitte.com/branchingout, where you'll find short show notes and relevant links from our conversation. If you have ideas, suggestions, or other feedback about the show, drop us a note at branchingout@deloitte.com, and we look forward to exploring the future of retail banking with you again soon.

Law Helie: Thank you very much