The Journey Toward 2030
Becoming a Smarter Bank

Every bank and credit union is going to become a technology company.

That's why the future of America's financial system depends on ***smarter banks.***

A Cornerstone Advisors Whitepaper

The Smarter Bank: Why It Matters

Banking is changing fast, and banks and credit unions that don't adapt run the risk of being left behind. Traditional models—rigid hierarchies, sluggish processes, and reliance on legacy systems—are no match for today's digital-first competitors.

Being a Smarter Bank isn't just about being bigger or investing more in technology. It's about being a bank or credit union that operates with intelligence, agility, efficiency, leveraging data, automation, and strategic execution to drive sustainable growth. It's a bank or credit union that moves fast, makes informed decisions, and delivers seamless customer experiences—all while optimizing costs and managing risk.

Cornerstone Advisors has identified five key pillars—**Hyper-Efficient, Data-Driven, Nimble, Differentiated, and Opportunistic**—that are not just best practices; they are the blueprint for **Building Smarter Banks**®. These pillars address the biggest challenges banks and credit unions face today, offering a blueprint for the journey toward 2030. Throughout this paper, we'll explore each pillar, backed by data, real-world insights, and proven strategies.

Defining the Smarter Bank

Hyper-Efficient

Groundbreaking efficiency will be the hallmark of the Smarter Bank, driven by a combination of digital self-service, process automation, and artificial intelligence.

Data-Driven

Smarter Banks will need to take inspiration from trailblazer organizations that know how to drive value by leveraging data to make better, faster, and more informed decisions.

Nimble

Forget annual planning cycles. Banks and credit unions that intend to survive in a technology-first era understand they are in a constant “release” environment and must continually balance structure with “getting stuff out the door fast.”

Differentiated

To compete with non-traditional banks, the Smarter Bank will need to shrug off plain vanilla “sameness” and forge distinct competitive positions and segmented brands.

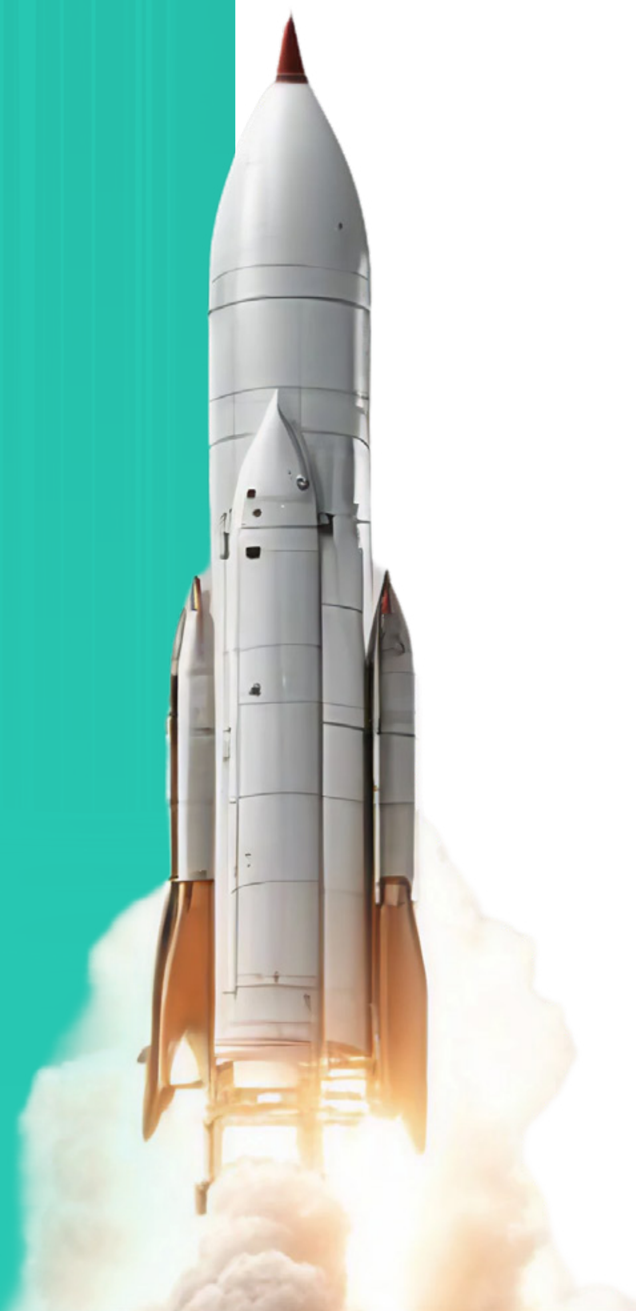
Opportunistic

Whether it’s M&A, talent carve-outs, new market entries, or new lines of business, Smarter Banks will be the ones that know when to move and look for opportunities—particularly when the industry is inward-focused and risk-averse.

Pillar 1

HYPER-EFFICIENCY

Efficiency isn't just about doing things *cheaper* — it's about doing them *smarter.*



Challenge

It's a Do-More-With-Less World

Rising costs, regulatory pressures, and increased competition mean organizations simply can't afford operational inefficiencies.

- **51% of bank** and **59% of credit union** executives list efficiency and cost management as a **top concern.**[1]
- Cost of funds remains a challenge, making streamlined operations a **necessity**.
- Competitive pressure will keep loan rates in check, **hampering** the ability to improve net interest margins.

51%	59%
Bank Executives	Credit Union Executives

Top concern is efficiency and cost management.

What's the Impact?

If your bank or credit union is not running at optimal levels, it can have ramifications on all aspects of the organization:

- **Customer**
  Long wait times, slower processing times, increased errors, disruptions in service.
- **Employee**
  Lower productivity, frustration, job dissatisfaction, inability to focus on serving customers or members.
- **Organizational**
  Inability to compete at optimal levels, reputational damage, inability to invest, higher operational costs.

New Reality

Efficiency is a Must-Have, Not a Nice-to-Have

Efficiency is no longer just about cost-cutting—it's about ensuring the ability to invest in the business. Consider these industry trends:

- **Non-interest expense pressure:** Banks need to bring their efficiency ratios within the low 50% range to stay competitive, but many still hover above 60%.[2]
- **Revenue per employee is a key differentiator:** High-performing banks are already generating $287,000+ per employee, a number expected to exceed $400,000 by 2030 due to automation and AI.[3]
- **Digital self-service is underutilized:** Too many routine transactions—loan payments, check deposits, account maintenance—are still handled by humans instead of via automated channels.
- **Tech utilization isn't optional:** Banks investing in cloud-based systems, AI-powered automation, workflow tools and API middleware are gaining an edge over traditional institutions still bogged down by legacy infrastructure.

Simply put, banks that fail to optimize efficiency will fall behind —both in terms of profitability and customer experience.

Smarter Approach

How to Achieve Hyper-Efficiency

Building a hyper-efficient organization isn't about slashing headcount—it's about making better use of technology, talent, and data. Here's how:

Automate the Routine

Reduce dependency on manual processes for account servicing, fraud detection, compliance, and lending decisions.

Increase digital self-service adoption for everyday banking tasks to free up frontline staff for higher-value interactions.

Turn Data into Decisions

Implement a real-time performance dashboard that tracks efficiency metrics and identifies areas for improvement.

Use AI and predictive analytics to anticipate customer needs and optimize operations.

Redesign Workflows for Speed & Scale

Break down organizational silos and move toward cross-functional, agile teams that improve efficiency across departments.

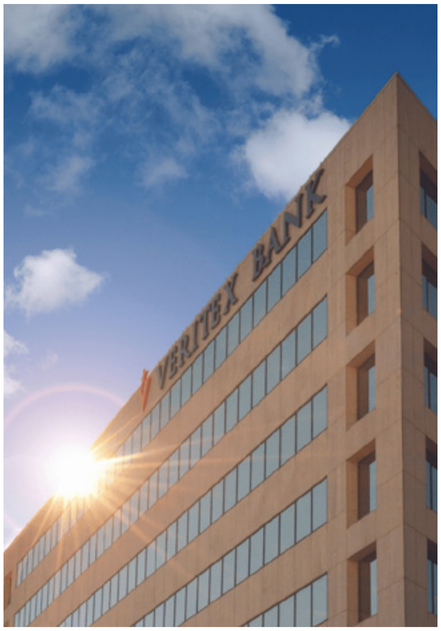
Streamline workflow, automate processes and eliminate manual tasks, redundant data entry, rework, and unnecessary "checkers checking the checkers."

Rethink management structures to eliminate redundant decision-making layers and reduce "management bloat."

Real-World Story

Scaling with Smarter Systems

Veritex Community Bank exemplifies hyper-efficiency through a branch-lite model, concentrating fewer branches in high-growth urban markets.[4] Rather than building a traditional footprint, it scaled by leveraging technology and niche industry expertise—deploying digital branches and specialized deposit channels like Bankruptcy Trustee services, HOAs, Max, and Mortgage Escrow in Florida—eliminating the need for extensive physical infrastructure. As it neared the $10 billion asset threshold, Veritex proactively built out enterprise risk, model risk, third-party oversight, stress testing, and internal audit capabilities, incurring an estimated $10 million in compliance costs. To maintain efficiency and offset these investments, the bank is targeting up to $20 billion in assets to spread costs across a larger base.



Questions to Consider

Are You Efficient Enough?

If your bank or credit union's efficiency ratio is above 55%, if your digital adoption lags behind competitors, or if too many manual processes slow you down, ask yourself:

- **What's stopping us from becoming hyper-efficient?**
- **Where are the biggest inefficiencies in our operations?**
- **What steps can we take today to start optimizing?**

Continue the Conversation

Ready to Level Up?

Our experts can help your bank or credit union identify inefficiencies, implement automation strategies, get more value from your existing technology, and build high performance operating models.

Reach out today.

Scan above to connect with us or email us at: SB2030@crnrstone.com

Pillar 2

DATA-DRIVEN

The future belongs to banks and credit unions that know how to turn *data into action.*

Challenge

Drowning in Data but Starving for Insights

Banks and credit unions sit on a goldmine of data—transaction histories, customer behaviors, risk assessments, and more. But too often, this data is fragmented, underutilized, or locked away in legacy systems.

What's the Impact?

Without the ability to harness their wealth of data, financial institutions will struggle to:

- Personalize customer experiences
- Predict risks and opportunities
- Optimize operations in real time
- Make informed, strategic decisions

Meanwhile, data-driven competitors and fintech disruptors are leveraging analytics and AI to move faster, customize products, and increase profitability. If traditional financial institutions want to keep up, they must stop treating data as an afterthought and start using it as a strategic weapon.

New Reality

Why Banks Must Become Data-Driven

Being data-driven isn't just a buzzword—it's a strategic advantage.

50%

More than 50% of banks say siloed data prevents them from making real-time decisions.[5]

6% BANKS

11% CREDIT UNIONS

Only **6% of bank executives** and **11% of credit union executives** state that they have a "very effective" data strategy.[6]

Despite AI advancements, many institutions still rely on **gut instinct over analytics**.

Simply put, data is the new currency—and banks that don't know how to spend it wisely will be left behind.

Smarter Approach

How to Turn Data into a Competitive Advantage

To move from a data-rich but insight-poor organization to one that is fully data-driven, banks must focus on three key areas:

Break Down Data Silos

Integrate core banking systems, CRM platforms, and digital channels to create a single source of truth.

Move away from fragmented, department-specific analytics and create enterprise-wide visibility.

Make Data Actionable

Drive marketing efforts based on customer level insights from money movement and behavioral analyses.

Use AI and machine learning to analyze patterns in customer behavior, risk exposure, and fraud detection.

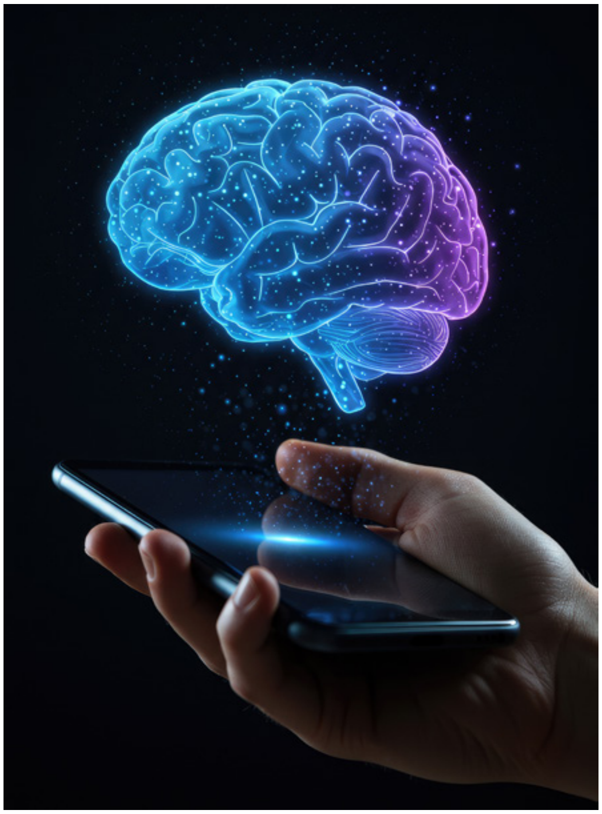
Create real-time dashboards that provide clear, decision-ready insights—not just raw numbers.

Empower Employees with Data

Ensure that frontline staff, relationship managers, and executives all have access to the insights they need.

Train employees to use data effectively—because insights are only valuable if they're acted upon.

Reward behaviors that result in tangible bottom line impact with salary boost.



Real-World Story

The Power of Data-Driven Banking

Coastal Community Bank, a $4 billion institution, took a bold approach to data. By focusing on embedded finance and banking-as-a-service (BaaS), the bank leveraged its data capabilities to power fintech partnerships.[7]

Instead of operating like a traditional community bank, Coastal embraced API-driven data strategies to:

- Open millions of new accounts through fintech partnerships
- Create a scalable, insight-driven infrastructure
- Achieve significant growth while keeping costs low

This shift positioned Coastal as an innovator, proving that data-driven strategies aren't just for big banks—they can be a game-changer at any scale. The end result: Coastal grew its deposits at an enviable 37% compound annual growth rate between 2018 and 2023.

Questions to Consider

Are You Using Data to Its Full Potential?

If your bank or credit union still relies on gut instinct over data, or if accessing insights takes weeks instead of minutes, ask yourself:

- **Are we truly leveraging data to drive decisions, or are we just reporting numbers?**
- **Do we have a real-time view of customer behaviors and operational performance?**
- **How can we use AI and automation to turn data into a competitive edge?**
- **Do we have a clear point of view on offer personalization?**

Continue the Conversation

Harness the Power of Your Data

If you are ready to build a data-driven culture for smarter decision-making, reach out to our consultants today.

Reach out today.

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Pillar 3

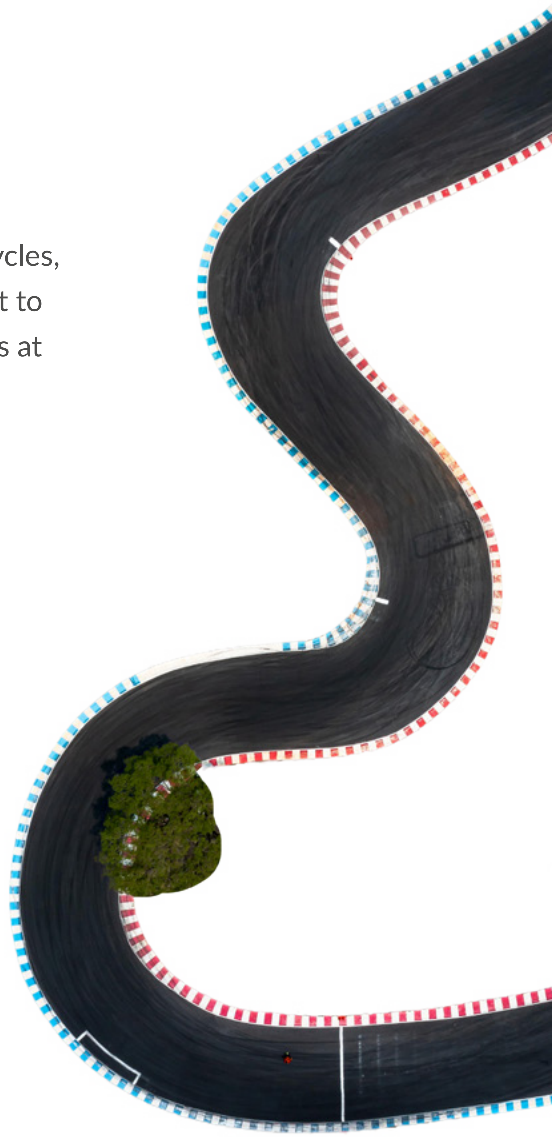
NIMBLE

Nimbleness separates the banks and credit unions that will *thrive* from those that will struggle to keep up.

Challenge

The Need for Speed

Traditional banks and credit unions operate in long planning cycles, rigid hierarchies, and slow approval processes—a stark contrast to fintechs and digital-first competitors that release new products at lightning speed.



What's the Impact?

Delayed Innovation

By the time a new product or service is launched, market conditions have changed.

Missed Opportunities

Competitors seize emerging trends faster, gaining market share.

Customer Frustration

Consumers expect seamless, real-time experiences, not months-long delays for digital upgrades.

Despite recognizing the urgency, **many organizations struggle to break free from outdated core providers and legacy technology**, limiting their ability to move quickly and innovate.

31%

Less than a third of bank executives (31%) were somewhat or very satisfied with their core provider's product innovation.[8]

16%

Banks are losing confidence in fintech partnerships, with only 16% seeing them as a strong driver of growth in 2025, suggesting hesitation to embrace faster, more collaborative models.[9]

If organizations want to remain competitive, they must rethink their approach—pivoting faster, experimenting boldly, and continuously evolving to meet customer expectations.

New Reality

Why Being Fast and Nimble is Critical for Survival

Banks and credit unions that embrace speed and agility gain a clear competitive edge:

- Apple releases a new iPhone every year—and banks must think similarly about continuous upgrades to digital experiences.
- Fintechs operate with an iterative "release and refine" mindset, while traditional banks often treat product releases and digital transformation as a one-time event.
- Executives consistently cite "speed to market" as a top challenge, but many lack a clear strategy to execute it.

If organizations want to thrive in an era of rapid change, they need to operate less like bureaucratic institutions and more like adaptive tech firms.

Smarter Approach

How to Become More Nimble

Build a "Release Mentality"

Treat product development as an ongoing cycle, not a one-time event—just like Apple or Google.

Develop a public roadmap for customer experience and operational improvements to keep teams accountable.

Focus on tech agility, i.e., the ability to spin up new products or fintech partnerships in weeks vs. months.

Reduce dependency on core, invest in APIs and partner with technology providers that have a "fast" mindset.

Create Dedicated Innovation Teams

Separate "run-the-bank" IT teams from product-focused digital experience teams.

Form agile squads that can quickly test, iterate, and deploy new solutions.

Empower Employees to Drive Change

Give frontline staff and mid-level managers more autonomy to solve problems without waiting for executive approvals.

Foster a culture where experimentation and calculated risk-taking are encouraged.

Real-World Story

Leverage Tech to Drive Speed-to-Market

For an example of speed and agility, look at SouthState Bank in Columbia, South Carolina. One of the bank's initiatives has been the use of an AI agent called "AutoGPT."[10]

SouthState quickly deployed it to run a marketing campaign for its health savings account product. The bank gave AutoGPT a list of product descriptions, rates, and performance metrics and asked it to raise $2 million in deposits using an email campaign. Through various iterations of the offer, after three weeks, $2.3 million in new deposits was raised. SouthState has continued to deploy AutoGPT in a wide range of use cases across the bank including data management, credit monitoring, and analysis of branch traffic.

Questions to Consider

Are You Agile Enough?

If your bank or credit union still operates with slow approval cycles, outdated development processes, and rigid hierarchies, ask yourself:

- **Are we treating digital transformation as a one-time project or an ongoing process?**
- **How fast can we launch new products or partnerships?**
- **Do we have a clear release roadmap for continuous improvements?**

Continue the Conversation

Ready to Become More Nimble?

Cornerstone Advisors can help your financial institution become more agile, more adaptable, and ultimately, more innovative.

Reach out today.

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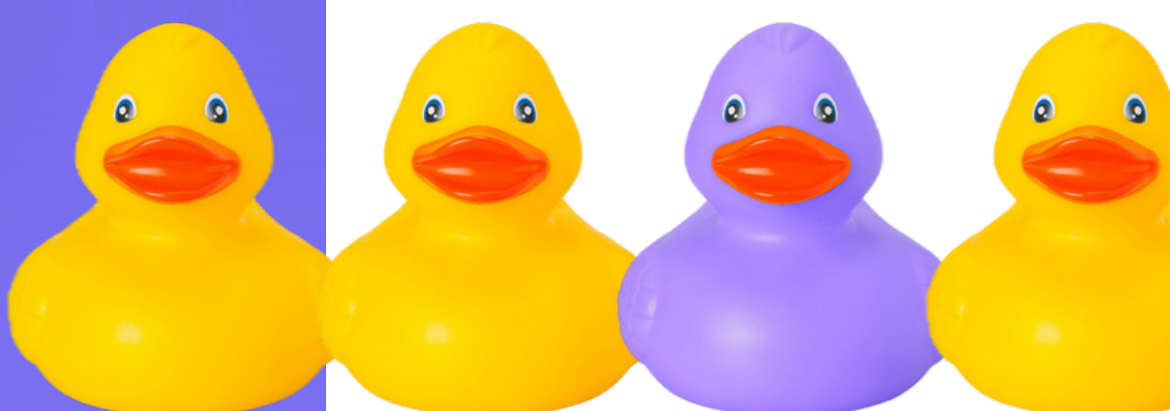
Pillar 4

DIFFERENTIATED

Banks that fail to differentiate will be *forgotten.*



Challenge

First Bank of Vanilla: Standing Out in a Crowded Market

Many banks and credit unions fail to differentiate themselves from competitors. Walk into a branch. Visit a bank's website. Scroll through marketing materials. What do you see? Traditional institutions offer similar brands, similar checking accounts, loans, and digital services, making it difficult to attract and retain customers.

What's the Impact?

Pricing Pressure

Without clear differentiation, banks and credit unions compete primarily on rates and fees, squeezing margins.

Brand Invisibility

Consumers struggle to see why one bank or credit union is better than another, leading to churn.

Fintech Disruption

Challenger banks, credit unions, and fintechs capitalize on niche markets, offering hyper-personalized services that pull customers away from traditional FIs.

Banks recognize this challenge, yet few take decisive action.

- Two-thirds of small businesses are actively looking for new banking relationships, citing the need for better product features and digital capabilities.[11]
- Many FIs struggle with product innovation, with less than 50% of bank executives satisfied with their core providers' ability to help them compete in new and existing markets.[12]
- The definition of "small business" is evolving, with gig workers, creators, and side hustlers seeking banking services tailored to their unique needs—an opportunity many banks have yet to capitalize on.

New Reality

Differentiation Matters More Than Ever

Customers and members aren't just comparing their experiences to other banks anymore. They're comparing them to Apple, Amazon, PayPal, and fintechs that make financial services faster, easier, and more engaging.

Take a look at these eye-opening industry trends:

- Apple's high-yield savings account hit $10 billion in deposits in just five months.[13]
- SoFi has quadrupled its customer base since the pandemic, attracting over five million new users.[14]
- Embedded finance is disrupting traditional banking as tech companies integrate payments, lending, and investing into everyday digital experiences.

If banks want to stay relevant, they must move beyond generic offerings and create unique value propositions that truly set them apart.

Smarter Approach

How Banks Can Differentiate Themselves

Being different doesn't mean reinventing banking—it means finding a niche, a strength, or an approach that makes your institution uniquely valuable.

Leverage Community & Brand Identity

Build deeper relationships by focusing on specific customer segments, such as military families, small medical offices, title companies, etc. and then tailor products to those segments.

Create branded experiences, like community events, financial wellness programs, or mission-driven banking initiatives.

Offer Personalized & Data-Driven Services

Use AI and analytics to offer tailored product recommendations instead of generic cross-selling.

Implement dynamic pricing models based on customer behavior, similar to fintech challengers.

Embed Banking into Customers' Lives

Partner with non-bank brands to offer financial services where people already spend their time.

Explore embedded finance, like co-branded credit cards, BNPL (buy now, pay later), and fintech partnerships.

Citizens Bank of Edmond has been in chief executive Jill Castilla's family for four generations. Photo by David McDaniel, The Oklahoman.

Real-World Story

Thinking Beyond Traditional Banking

Take Jill Castilla (photo above), CEO of Citizens Bank of Edmond, located in Oklahoma. Instead of this $400 million community bank just competing on rates and services, Castilla amped up her strategy and:[15]

- Created a digital bank (Roger) tailored for military personnel to meet their unique financial needs. In its first year, the volume of accounts opened consistently grew by at least 50% every month.[16]
- Built a thriving community event (a city-wide block party) that generated $24 million in economic development.[17]
- Used X to network with fintech leaders, shaping innovative partnerships and products.

Her approach proves that differentiation isn't about size—it's about creativity, focus and execution. Niches like this present big opportunities when they can meet the unique needs of a particular market segment.

Questions to Consider

What Makes Your Bank Different?

If your bank or credit union looks, sounds, and operates like every other financial institution, ask yourself:

- **Why should customers choose us over a fintech, big bank, or digital-first competitor?**
- **What product, service, or customer segment can grow 2x?**
- **What unique value do we provide that others don't?**
- **How can we evolve our brand, products, and services to truly stand out?**

Continue the Conversation

It's Time to Shine

Ready to stand out in a sea of "sameness?" Cornerstone consultants will help your bank or credit union develop clear differentiation strategies that will identify untapped market opportunities, help your brand resonate, and even create fintech partnerships that enhance the customer experience and drive value.

Reach out today.

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Pillar 5

OPPORTUNISTIC

The best-performing banks aren't just reacting to change—they're *creating opportunities* and positioning themselves ahead of the curve.

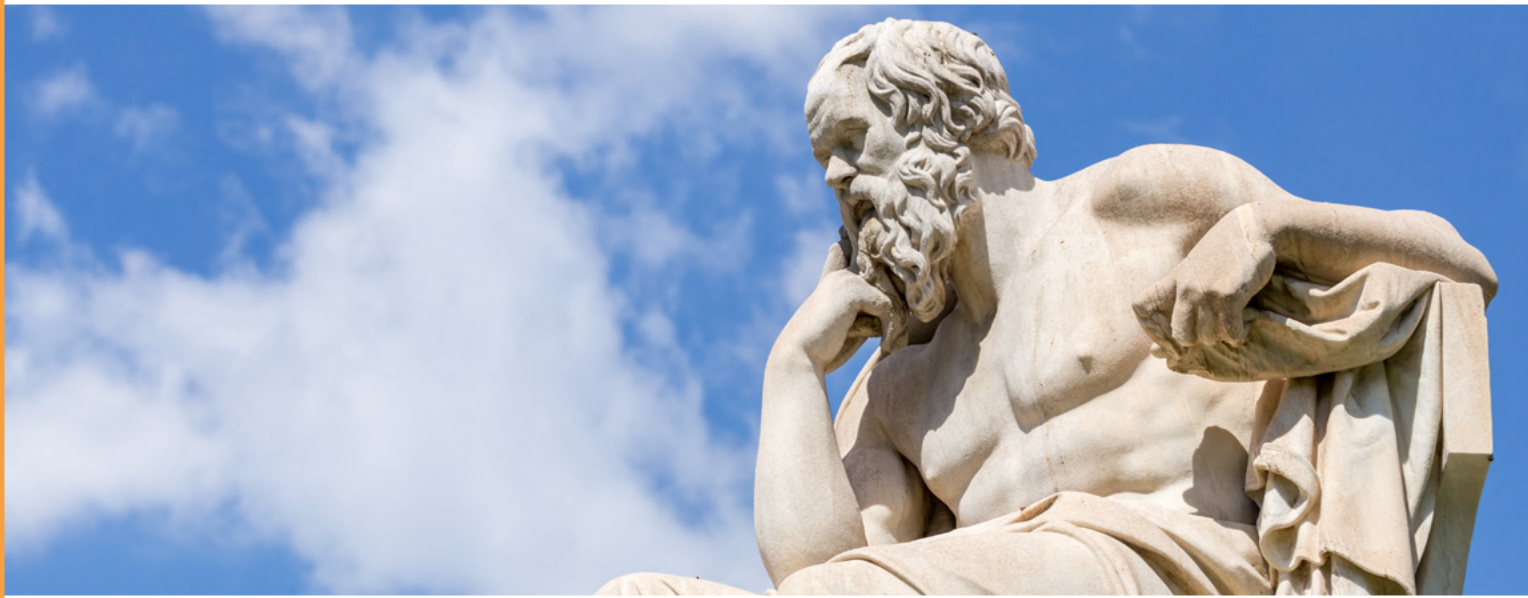
Challenge

Banks Play It Too Safe

The financial industry has long been risk-averse by design, and for good reason—stability and trust are the cornerstones of banking. But in today's fast-moving world, playing it too safe is its own kind of risk.

What's the Impact?

- Banks and credit unions that wait for "the perfect moment" to invest in new technology fall behind faster-moving competitors.
- Financial institutions that stick to traditional business models miss out on new revenue streams.
- Leadership teams that hesitate to partner with fintechs or explore embedded finance may risk irrelevance in a changing market.
- Organic-only growth strategies might make it difficult to achieve needed economies of scale.



New Reality

Opportunistic Thinking Drives Growth

Financial institutions that want to thrive in the next decade must seize opportunities others overlook. Consider these examples:

- SoFi's strategic acquisitions (such as Technisys and Galileo) have helped it build a digital banking ecosystem that rivals traditional institutions.
- Bank boards are evolving—SoFi's board, for example, includes three venture capitalists, five technologists, and only three traditional bankers.
- Embedded finance is redefining distribution, allowing banks to expand beyond traditional models by partnering with retailers, fintechs, and tech companies.
- According to Bank Director's 2025 Bank M&A Survey, 31% of banks want to be active acquirers.[18]
- Opportunistic banks don't just wait for change to happen—they actively seek new ways to create value.

31% of banks want to be active acquirers.

Smarter Approach

How Banks Can Develop an Opportunistic Mindset

Invest in the Right Technologies

Move beyond a "keeping the lights on" IT spending mentality and prioritize transformative investments in cloud, AI, and automation.

Reduce reliance on legacy core vendors by unbundling applications and/or eventual replacements. Invest in an API/middleware strategy to maximize technology flexibility.

Build Strong Partnerships

Embrace partnerships that drive innovation and new revenue streams.

Look for ways to leverage partnership capabilities to enhance lending, payment and customer experiences.

Establish a Proactive Approach to Mergers & Acquisitions

Build alignment between the board and your leadership team on what types of M&A activity would support your strategy.

Proactively identify targets and create a value-based message to all stakeholders.

Mix Up the Talent Pool

Bring in tech entrepreneurs, data scientists, digital marketing professionals, and product managers alongside traditional bankers.

Encourage leadership teams to challenge conventional thinking and take calculated risks.

Real-World Story

Mastering M&A

Sunflower Bank, an $8 billion institution, faced its largest and most complex merger to date with the acquisition of Pioneer Bank.[19] To ensure a seamless transition, it:

- Saved $6.5 million through strategic contract negotiations[20]
- Minimized risk while maintaining customer satisfaction[21]
- Rapidly identified new opportunities post-acquisition due to diligent prep and planning that enabled the bank to hit the ground running[22]

By taking a proactive, disciplined approach, Sunflower Bank turned a high-risk merger into a strategic win.

Questions to Consider

Are You Seizing the Day?

If your bank or credit union is focused only on maintaining the status quo, ask yourself:

- **Is acquisition (bank, credit union, branch, line of business, specialized lending teams, etc.) part of our growth strategy?**
- **Is our operating model, org structure, and technology scalable for acquisitions?**
- **Do we have a merger execution plan, including vendor contract negotiations, to hit our cost-saving targets?**

Continue the Conversation

Think Like an Entrepreneur

Let us help you identify and seize on opportunities so you can grow and thrive now and into 2030.

Reach out today.

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End Notes

[1-3] https://www.crnrstone.com/gritty-insights/research/whats-going-on-in-banking-2025

[4] https://veritexbank.com/

[5-6] https://www.crnrstone.com/gritty-insights/research/whats-going-on-in-banking-2025

[7] https://ir.coastalbank.com/news/press-releases/news-details/2024/Coastal-Financial-Corporation-Announces-Fourth-Quarter-and-Fiscal-Year-2023-Results/default.aspxm

[8-9] https://www.crnrstone.com/gritty-insights/research/whats-going-on-in-banking-2025

[10] https://southstatecorrespondent.com/banker-to-banker/innovation/autogpt-will-change-your-bank/

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[19] https://www.sunflowerbank.com/about-us/news/firstsun-capital-bancorp-to-acquire-pioneer-bancshares,-inc/

[20-22] https://www.crnrstone.com/transformative-outcomes/case-studies/sunflower-bank/

The Smarter Bank Edge

The banking industry is evolving faster than ever, and banks and credit unions that fail to adapt will find themselves struggling to compete. The five pillars outlined in this paper—Hyper-Efficient, Data-Driven, Nimble, Differentiated, and Opportunistic—define a Smarter Bank.

Financial institutions face mounting challenges, from rising costs and legacy technology constraints, to fintech competition and shifting customer expectations. Yet, for those willing to modernize operations, harness data, move faster, stand out, and seize new opportunities, the future is full of possibilities. The key is to take action.

Your Partner for the Journey to 2030

Cornerstone doesn't want our country's financial system to consist of just 10 mega banks. We are committed to helping you, the leaders of the thousands of banks and credit unions doing great things for entrepreneurship and for our nation's communities. At Cornerstone, we proudly refer to you as our "troublemaker" financial institutions. What was successful for financial institutions in the past is already proving too slow and out of sync in this new era of customized, digitally powered experiences. We are eager to help you accelerate your transformation to becoming smarter banks and credit unions. We are confident that together, we can influence the future direction of this industry.

Connect With Us

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