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**Financial Institutions Prepare for the Aftermath of the Pandemic**

*Institutions to reevaluate, rebuild operational models for remainder of 2021 and into 2022*

**MEMPHIS, Tenn., July 12, 2021** – SRM (Strategic Resource Management), an independent advisory firm serving financial institutions and other key industries, today shares commentary on the top trends it has seen impact banks and credit unions so far this year and predictions for what’s to come in the second half of 2021.

**An Industry Sea Change**

* Mergers delayed due to the pandemic are now in full force and more complex. [New data published by S&P Global](https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/bank-m-a-2021-deal-tracker-activity-shows-no-signs-of-relenting-in-april-62489908) shows M&A transactions pushed back due to COVID-19 are not only pent-up in numbers but also getting bigger - extending to regional and super-regional banks holding $10 billion to $1 trillion in assets. We expect to see even more mergers among these banks in the coming months, which will continue to impact competition in the marketplace.
* The creation of the Payments Leadership Council (PLC) has been monumental, as it seems that this group is attempting to position for “round two” of the Durbin Amendment. Although skirmishes surrounding its enactment may be fading, signs abound that both camps are girding for another round of battles. Institutions need to be closely monitoring developments with both the PLC and those on the legislative front.
* The digitalization of payments continues to progress with further mobile wallet developments, increasing contactless payment and P2P usage, more buy-now-pay-later options, and crypto implementations. We’ve also seen many institutions revamping their loyalty and rewards programs to better serve their customers and members, including crypto reward programs for credit and debit cards.
* While consumer behavior continues to evolve, digital usage is steadying, and the digital revolution won. In a recent US consumer survey conducted by SRM, only 8% of respondents were new to doing their banking via digital channels. Virtual assistants are also beginning to gain more traction. On average, 1 in 5 respondents said they would prefer using a virtual assistant (Alexa or Google Home, for example) over using an app to do their banking. Institutions need to adapt to their consumers - including those working from home - to stay relevant and competitive.

**Recalibrating FIs’ Revenue Streams**

* Card networks are planning for post-pandemic consumer payments. With card dynamics shifting, financial institutions must carefully execute their portfolio optimization strategy, which will depend on location, merchant composition, and other factors. Banks and credit unions must make sure to optimally calibrate their network agreements.
* Central Bank Digital Currencies (CBDC) continue to emerge, with organizations like the Chinese and European central banks disrupting the global payments landscape. These must be carefully launched, though, as there are many monetary policy objectives a CBDC must accommodate in its design. Institutions should dedicate resources to understanding the ins and outs of crypto, including non-fungible tokens (NFTs) and decentralized finance (DeFi).

**Rebuilding Internal Operations**

* Institutions are now recovering from the chaotic disruptions they faced during the pandemic, and it is now time to rebuild operating models. The past year’s events have raised the stakes for three critical areas: product portfolio mix, supplier management, and branch planning/location strategy. To achieve operational excellence in the post-pandemic environment, institutions must strategically rebuild these business models.

Brad Downs, CEO of SRM, commented, “The pandemic massively disrupted the financial services industry, but banks and credit unions showed great agility in this chaotic time. Now, with the world trending toward slowly opening back up, it is time to look forward and prepare for what’s next. Institutions need to keep adapting to new consumer behaviors and preferences, restructure internal operations, and recalibrate revenue models to successfully scale this year and next.”

**About SRM**

SRM (Strategic Resource Management) has helped more than 1,000 financial institutions add $3.6 billion of value to their bottom line in areas such as payments, digital transformation, core processing, artificial intelligence, and operational efficiency. SRM’s decades of experience have lowered costs, grown revenues, increased productivity, and provided a competitive edge for clients in an environment of constant and accelerating change. Visit [www.srmcorp.com](file:///C%3A%5CUsers%5Cndougherty%5CDownloads%5Cwww.srmcorp.com) for more information and follow on [LinkedIn](https://www.linkedin.com/company/strategic-resource-management-srm-/) and [Twitter](https://twitter.com/SRMCorp) for timely and relevant insights.