

JANUARY 2026

Keep your bank human.

Modernization strategies for your bank to compete, stay relevant and do better than your fintech competitors.





Executive summary

Regional banks are facing unprecedented pressure. Fintech challengers and national competitors are raising customer expectations while legacy systems, risk-averse cultures and talent gaps hinder innovation. Yet regional banks hold distinct advantages: **trusted local relationships, community knowledge and the ability to provide highly personalized service.**

This white paper identifies four critical areas where regional banks can act to ease pressure, unlock growth and differentiate themselves in a crowded market.



SECTION 01

Fintechs have reset customer expectations.

Customers expect speed, simplicity and seamless digital experiences. Banks can compete by modernizing without losing the human touch.



SECTION 02

Growth is constrained by systems and culture.

Legacy systems slow workflows and frustrate employees and customers. Integration and automation unlock efficiency.



SECTION 03

Marketing is undervalued as a growth driver.

Fragmented campaigns and siloed data reduce ROI. Aligning marketing with measurable growth objectives improves impact.



SECTION 04

Brand, story and talent are out of sync.

Banks under-communicate local expertise and relationships. Clear storytelling deepens loyalty and differentiates from competitors.



Introduction

Regional banks occupy a unique space in the financial ecosystem. They combine the stability and trust of established institutions with deep local knowledge and personal relationships. Yet, in today's fast-moving market, these strengths are under pressure. Fintech challengers, national banks and shifting customer expectations are reshaping the competitive landscape.

This white paper is designed for executives at regional banks seeking practical guidance to navigate these pressures while staying true to their core strengths. Here, we examine the critical challenges facing regional banks and outline actionable strategies across marketing, creative, technology and brand to address them.

From meeting rising customer expectations and modernizing digital experiences to leveraging community advantage and attracting the next generation of talent, each section highlights:

Why the issue matters

Backed by quantitative insights

Where the gaps typically appear

Common obstacles experienced by regional banks

How to move forward

Practical, cross-functional strategies for action

Quick wins

Tangible steps for immediate impact



By taking a structured, measured approach, regional banks can turn challenges into opportunities, modernize operations without losing the human advantage, and position themselves as trusted, innovative institutions for both customers and employees.

This white paper dives into the most pressing areas affecting regional banks today, providing guidance to **ease pressures, unlock growth and secure a sustainable competitive advantage.**

SECTION 01

Fintechs have reset customer expectations.



In 2024 Fintech revenues grew 21% YoY, outpacing the 6% growth in the broader financial services sector.¹⁰

The benchmark for good banking has changed.

Fintechs and digital challengers have made banking faster, simpler and more intuitive – and customers notice.

Regional banks aren't failing because of their service or reliability. They're failing to meet the expectations customers now take for granted. Executives report that frustrations often stem from slow processes, disconnected experiences and legacy tools that don't feel modern.

Meeting these expectations isn't about becoming a fintech. It's about bringing your bank up to the same standard while preserving the trust, relationships and local knowledge that fintechs cannot replicate.

Millennial-run businesses offer a clear view into where banking expectations are heading.

The New Expectations

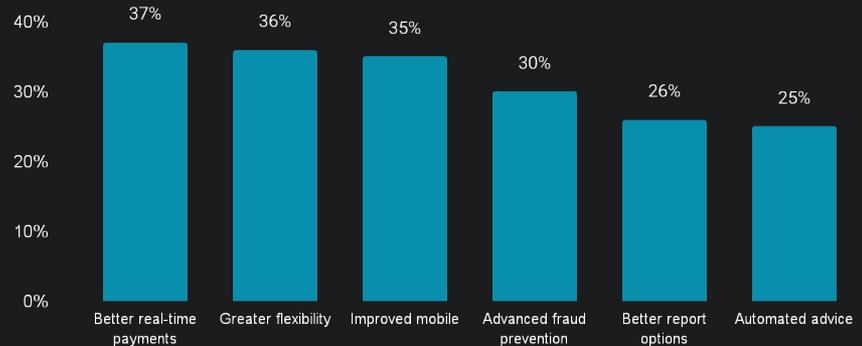
Speed and convenience
Transactions and service requests must be instant, online and mobile

Integrated experiences
Accounts, payments and support should feel seamless across channels

Transparency and clarity
Real-time information about balances, approvals and status updates

Intuitive interfaces
Applications, onboarding and digital touchpoints should be simple and consistent

What Millennial Businesses Expect from Their Bank Next



Source: Datos Insights survey of 1,004 U.S.-based small businesses, Q1 2025

What regional banks can learn from fintech.

Insight

Small businesses are redefining what banking means. They don't separate financial services from daily operations – they expect them to blend in.

Challenge

Regional banks still rely on relationship models built for an older generation – slower, more manual and siloed from the tools businesses use to actually run.

73%

of millennial-run small businesses say they're willing to pay for financial tools that save time, boost convenience and help them operate more efficiently.⁴

The Gaps

Processes designed for branch-first banking create friction online

Notifications and approvals often lag or require manual intervention

Customers encounter inconsistencies between mobile, web and in-branch experiences

Internal reporting and dashboards don't enable rapid response to client needs

Moving Forward

Communicate your bank's strengths clearly, leverage customer insights for personalization

Invest in integration and automation, prioritize mobile-first, self-service experiences

Position your bank as modern and trustworthy, reinforce human advantages

Simplify onboarding and application flows, standardize UX and interaction patterns

Quick Wins

Audit the primary customer journey for friction points

Map and review messaging across channels

Introduce real-time updates or alerts for account activity

Pilot an automated workflow for onboarding or approvals

Quick Win

Audit the primary customer journey for friction points

Day 1

Day 2-4

Day 5-6

Day 7-9

Day 10-12

Day 13-14

Day 15-17

Day 18-21

Select the Journey

Walk the Real Experience

Flag True Friction

Find Root Cause

Quantify the Cost

Split Fixes by Speed

Redesign Journey on One Page

Pilot Before Scaling

Choose the one that shows up in revenue, complaints, time to complete and abandonment. If it hits two, that's the target

Complete the journey exactly like a customer across web, mobile, phone and branch. Capture steps, time, handoffs and stops

Tag each issue as Time, Cognitive, Emotional, Technical or Channel. Anything hitting two becomes a priority

Classify each blocker as process, technology, policy or training. Most will not be regulatory

For each friction point estimate: drop-off, delay, monthly volume, revenue impact and support cost

Quick wins (30-60 days): messaging, forms, training, notifications

Strategic fixes (6-18 months): integrations, automation, identity

Remove steps, reduce handoffs, automate where possible. Target a 30-40% shorter journey

Test with one region or channel. Measure completion time, abandonment, support volume and funding speed

SECTION 02

**Growth is constrained
by systems and culture.**



Only 35% of bank marketers
are using marketing
automation tools today.⁷

Technology and culture are the innovation bottlenecks.

Most regional banks aren't limited by ambition or capital. They're constrained by disconnected systems and a culture designed to avoid risk at all costs.

Siloed data, legacy platforms and fragmented workflows slow both customer experiences and internal operations. At the same time, conservative decision-making reduces experimentation, delays progress and weakens responsiveness to market shifts.

Together, outdated infrastructure and risk-averse culture form a reinforcing loop that suppresses innovation and slows growth – even when the tools and opportunity already exist.

Why This Matters

Trust and loyalty

Disconnected systems result in slow decisions, errors and inconsistent experiences

Operational friction

Teams manage the mundane instead of focusing on momentum – more overhead, less progress

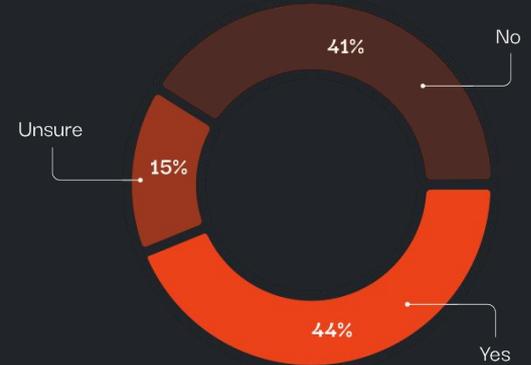
Talent moves on

Top employees look elsewhere when stifled by poor mindset and disjointed technology

Speed is a requirement

Banks must move in real time or face the reality of steadily falling out of relevance

A survey of 141 community bank leaders asked if they have fallen short on technology initiatives over the past 18 months.



What regional banks can learn from fintech.

Insight

Banks are losing in the invisible layers – what once protected stability is now actively limiting responsiveness in a real-time banking world.

Challenge

Modernize fast enough to meet escalating customer expectations, unlock operational speed and attract modern talent without compromising regulatory integrity, community trust or the conservative risk posture that defines the category?

58%

of bank leadership cite internal processes and conservative culture as barriers.⁵

The Gaps

Core systems don't share data in real time

Manual workarounds slow daily operations

Decision-making is constrained by risk aversion

Innovation efforts stall before reaching scale

Moving Forward

Prioritize integration across highest-impact systems

Replace manual processes with automation

Establish clear guardrails for low-risk experimentation

Empower teams with faster decision authority

Quick Wins

Connect one core system to eliminate duplicate work

Automate one high-volume internal workflow

Launch a 60-day innovation pilot with defined metrics

Create a fast-track approval path for digital tests

Quick Win

Launch a 60-day innovation pilot with defined metrics

Define the Problem	Set 3 Hard Metrics	Assign a Team	Remove One Rule	Build the MVP	Controlled Launch	Review Results Weekly	Decide on Day 60
Select one tightly scoped constraint tied to growth, efficiency or customer experience	Speed: i.e. approvals Adoption: i.e. usage Efficiency: i.e. CPA	One decision-maker. One operator. One technologist. One frontline rep. No committees	Pause one internal policy, approval or legacy constraint for the duration of the test	No platform overhaul. No rebrand. Just what's needed to test the outcome	One region, one segment or one product line only	Completion speeds, drop-off, manual intervention, sentiment, etc.	Refine it, scale it, kill it
Day 1-3	Day 4-5	Day 6-7	Day 8-10	Day 11-30	Day 31-45	Day 31-60	Day 60

SECTION 03

**Marketing is
undervalued as a
growth driver.**



Only 35% of banks have invested in marketing automation tools, of that group only 19% use automation tools for lead generation.⁷

Marketing is operating without a growth mandate.

Most regional banks don't lack marketing effort or investment. What holds them back is how marketing is positioned – treated as a cost to manage rather than a system for driving measurable growth.

Campaigns live in silos, performance is tracked on activity instead of outcomes, and customer data remains fragmented across platforms. Without clear connection to revenue, acquisition or deposits, marketing loses strategic influence and accountability.

Together, disconnected execution and weak attribution create a cycle where marketing stays undervalued, under-optimized and underpowered – even when the opportunity to drive real growth already exists.

Why This Matters

Growth stalls

Without clear accountability, marketing spend fails to translate into predictable revenue

Budget gets misallocated

Dollars are optimized for activity and efficiency instead of true business impact

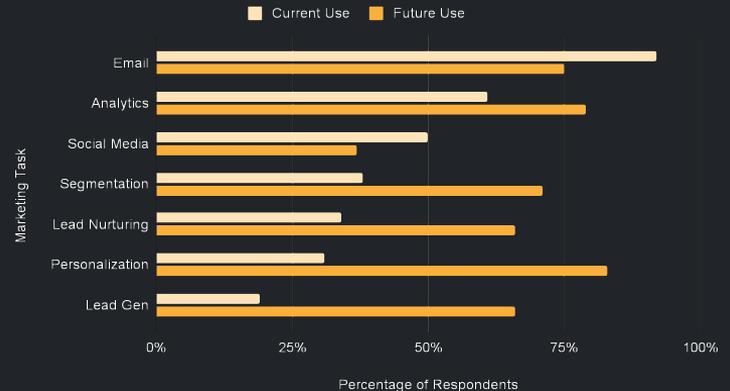
Leadership flies blind

Without clean attribution, decision-makers lack visibility into what's actually driving acquisition

Competitors pull ahead

Sharper targeting and faster iteration allow others to capture demand first

Executive bank marketers current technology use vs. their projected future needs.



What regional banks can learn from fintech.

Insight

Fintechs don't treat marketing as a support function – they build it into the product and the growth model itself. Every campaign, flow and message is designed to generate signal, learning and momentum, not just awareness.

Challenge

How can a regional bank elevate marketing from a cost center to a connected growth engine – with clear attribution, faster iteration and direct ties to acquisition, deposits and lending – without disrupting regulatory rigor or brand trust?

Community banks have seen a 9-percentage point decline in their share of primary checking accounts since 2015.

Weaker **primary relationships** reduce opportunities to deepen engagement and build loyalty.⁹

The Gaps

Marketing campaigns are planned in isolation, without linking to sales or distribution goals

Fragmented data prevents personalization or timely messaging

Limited measurement frameworks make it hard to prove ROI

Legacy tools and processes slow experimentation and iteration

Moving Forward

Tie marketing to measurable outcomes, leverage integrated customer data, adopt agile processes

Design consistent modular campaigns for rapid adaptation

Connect marketing data, automate messaging, track performance

Reinforce brand promise, highlight trust and local expertise

Quick Wins

Audit top 3 campaigns for integration gaps; align messaging across channels

Implement one automated, data-driven campaign for a high-value customer segment

Introduce simple dashboards for marketing ROI tracking

Run a small rapid-experiment campaign to test messaging or channel performance

Quick Win

Run a small rapid-experiment campaign to test messaging or channel performance

Pick One Variable

Message, audience, offer, channel, etc.

Day 1-2

Set Two Outcome Metrics

Primary: i.e. Conversion
Secondary: i.e. Engagement

Day 3-4

Build Two Versions

Control vs challenger. No brand debates. No full replatforming.

Day 5-10

Launch With a Budget

Fixed spend. Short duration. No mid-test creative resets.

Day 11-20

Monitor in Real Time

Track: CTR, drop-off, cost efficiency, lead quality

Day 11-20

Declare a Winner

Only clear directional signals, no room for inconclusive.

Day 21-23

Scale Only What Proves Itself

Roll success into core campaigns or use learnings to run another experiment.

Day 24-30

SECTION 04

Brand, story and talent are out of sync.



68% of SMBs prefer banks demonstrating local understanding.²

Mixed messages lead to missed opportunities.

Regional banks often have strong community roots and a clear set of values. What limits their impact isn't a lack of resources – it's that brand, experience and culture aren't fully aligned, creating a disjointed presence both inside and outside the organization.

Customers encounter inconsistent messaging across channels, while employees navigate internal gaps between what the brand promises and how day-to-day work actually feels. Meanwhile, outdated employer positioning makes it harder to attract the digitally skilled talent banks increasingly need.

This misalignment means banks leave value on the table. Trust can erode with customers, recruiting suffers, and the brand fails to fully leverage its inherent advantage in the market.

Why This Matters

Trust falters

Inconsistent messaging and experiences make it harder for customers to rely on the bank

Employee engagement suffers

When culture and brand are misaligned, teams lose motivation and clarity

Talent is harder to attract

Top candidates seek organizations with modern, cohesive brand and culture

Competitive advantage is diluted

Banks fail to fully leverage their community roots, values and relationships

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Digital transformation often includes solely new technology and/or process without taking into account the human needs required to make such change successful. In the quest for digital transformation to create more user-centered experiences, the transformation process itself is not user-centric and, therefore, is less successful than it could be.”

JENNIFER BORCHARDT

VP, Senior Group Creative Director,
Delivery & Experience, Publicis Sapient

What regional banks can learn from fintech.

Insight

Most fintech's storytelling is tied directly to growth, talent attraction and product experience, making every touchpoint feel intentional and connected.

Challenge

Unify brand, culture and experience to create consistent, trust-building interactions that drive growth, retain talent and differentiate in a crowded market while balancing your local relationships and values that define the category.

In 2025, a bank's **conduct, its perceived ethics, transparency, and fairness**, was a more important driver of reputation than the products and services firms offer.⁸

The Gaps

Messaging and customer experience are inconsistent

Internal culture doesn't reflect brand promises

Employer branding is outdated and fails to attract modern talent

Local relationships and community advantage are under-leveraged

Moving Forward

Align brand, experience and culture around a unified story

Ensure every touchpoint reinforces consistent messaging

Modernize employer branding to attract digitally fluent talent

Highlight community expertise and local relationships strategically

Quick Wins

Audit high-traffic customer touchpoints for message consistency

Launch a campaign that communicates one clear brand story

Refresh careers page and recruitment messaging for alignment with culture

Highlight one local community initiative externally to reinforce trust

Quick Win

Audit high-traffic customer touchpoints for message consistency

Day 1-2

Day 3

Day 4-6

Day 7-9

Day 10-11

Day 12-13

Day 14

High Volume, High Impact

Define the Core Promise

Snapshot the Live Experience

Score Message Alignment

Flag the Breaks

Correct at the Surface First

Lock a 90-day Refresh Plan

Homepage, landing pages, app onboarding, email series, branch signs, call center scripts

In one sentence: what the bank claims to stand for right now

Capture screenshots, scripts, emails and visual assets exactly as customers see them

For each touchpoint rate:

value proposition clarity, tone consistency, local relevance, modern credibility

Anything scoring low in two or more categories becomes a priority fix

Update headlines, subheads, CTAs, near-term branch messaging. No rebranding

Sequence deeper fixes across web, apps, branch and sales enablement

Regional banks stand at a crossroads. Customers expect digital-first, seamless, personalized experiences and the competitive landscape is shifting faster than ever. Yet these pressures also create opportunity: banks that modernize strategically, leverage their local advantage and align marketing, creative, technology and brand efforts can not only survive but thrive.

Key Takeaways

Fintechs have raised the bar – but regional banks' trusted relationships remain a differentiator.

Younger customers expect integrated, mobile-first experiences.

Marketing, technology and brand misalignment slows growth, but rapid experimentation and integrated workflows unlock measurable outcomes.

Community and local relevance remain powerful competitive advantages.

Talent and culture must evolve alongside technology to enable transformation.

Next Steps for Executives

Audit existing customer journeys and digital touchpoints to identify friction points

Align teams around measurable goals

Pilot 1–2 quick wins (30–60 days) to test new workflows, messaging, or automation

Begin positioning the bank as modern, local and trusted through both internal and external initiatives

Why Partnering Matters

Lovely People works differently than traditional agencies. By integrating marketing, creative, technology and brand strategy into one seamless workflow, banks can move faster, test with confidence and scale transformation effectively.

Working with a partner who understands both the complexities of banking and the expectations of today's customers makes these next steps achievable – turning pressure into opportunity, and modernization into sustainable growth.

Let's make it lovely.





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Let's make it lovely.

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