

## Maryland Financial Bank Advisory Board Meeting Recap of May 4<sup>th</sup> Panel Discussion

### PANELISTS:

- Dave Hartman, President & Founder, Hartman Executive Advisors - [www.hartmanadvisors.com](http://www.hartmanadvisors.com)
- Rich Moore, Managing Director, Alvarez & Marshal - [www.alvarezandmarsal.com](http://www.alvarezandmarsal.com)
- Kevin Cashen, CEO, Queenstown Bank - [www.queenstown-bank.com/](http://www.queenstown-bank.com/)
- Jeff Gredlein, Managing Director, Hartman Executive Advisors - [www.hartmanadvisors.com](http://www.hartmanadvisors.com)

### TOPICS OF DISCUSSION:

**Jeff Gredlein:** From an IT perspective, a bank's core systems can be the third largest expense behind real estate and salaries. At that cost, the executive team has to be sure the systems are delivering value and meeting the needs of the business. Most importantly, are they talking to each other and able to work together? In general, banks tend to lag behind consumer preferences. However, to succeed long-term, leaders need to think about future consumers and find ways to cater to a digital-only customer base. Branches are still important, but they need to have a strategy that works in conjunction with digital strategy. Bank leaders should focus on improving the customer experience. If customers are adopting technologies such as digital payment options (Venmo, etc.), how can community banks keep up to meet this demand? The bottom line is that a bank is not just a bank, it's a professional services organization.

**Kevin Cashen:** IT's role in banking is changing, and banks that want to be successful need to keep up. The best way to do this is to leverage the data your bank has collected, or can collect, and turn it into valuable, usable information. Fintech is often seen as a threat to the legacy banking world, but rather than fear them, banks should emulate their approach to customer service so the two worlds can come together. Start small; think about what information you need about your customers and start collecting it. Don't sacrifice "good" for "great." The important thing is to get started now. Often, the first step is to get different departments talking to each other about what information they have and what they need to be successful.

**Rich Moore:** From a risk perspective, you have to understand the implications of moving fast and consider what a breach would do to your consumer confidence and, as a result, your profit. The three major regulators have created rules to increase cyber programs, but we need to get away from the "compliance is security" mindset. Hackers know what you have to do to be compliant, and they're ready to exploit that knowledge. Regulators don't tell banks how to test for security or what to do in the event of a breach. Bank leaders need to protect their own information and their investments, and the first step in doing so is to realize the need for cyber risk portfolios – since cyber is a business risk, not simply an IT issue. There is also the question of cyber insurance. In many cases, it can be bundled with existing insurance policies, but having insurance is not the same as being cyber secure.