5 Biggest Challenges Facing Banking Today
..AND 3 Strategies To Turn Them Into Your Competitive Advantage

Face it, these are tough times; walk into any branch, boardroom and you will hear everyone from the tellers to the senior vice presidents talking about how what a challenging time it is to be in banking. While the list of challenges is a mile long, five big ones make the top of the list, and our pushing our need to transform both as team members and as leader in the financial services industry.

Let's take a look; arguably the top five external challenges facing financial services today are:

1. **Technology** – in addition the expense it creates, the rate at which enhancement and change happen it causes disruption to almost every aspect of our organizations from service, to communication to production (pre and post).

2. **Regulation & Compliance** – the combination of dealing with the current requirements and then the struggling to manage the uncertainty of what new regulations will be introduced and when.

3. **Interest Rate Environment** – low interest rates have created very skinny margins and had a negative impact no profitability. That is challenge enough, but when combined with the extra costs associated with regulation and compliance it creates a challenge in how to increase revenue while trying to manage expenses.

4. **Competition** – yes we have had a record number of failures and consolidations in the financial services industry, however even with all of that the market is still saturated. In addition, regulation and compliance have narrowed the market on qualified clients and increased the competition for a smaller pool of qualified clients.

5. **Economy** – last but not least; continued volatility, uncertainty and political gridlock have all had and continue to have a negative impact on consumer demand. The shifting economies, and the unpredictability of what government is going to do, have created a slowdown in business investment in future growth.

All of these issues, while creating unique challenges, have one very strong connection, one thing they share and have in common. There isn’t much you or anyone else can do about them. As a leader, you are at the mercy of these challenges. On any given day any of these issues can shift for the positive or the negative, and their changing can slightly or dramatically impact your strategy, and still there is not much you can do about it.

Now that is depressing isn’t it? Well not really, this is where your opportunity for competitive advantage begins. Rather than thinking of these as challenges, I want to (and I want you to) refer to these as obstacles going forward. The reason being is that an obstacle, by definition, is something that is in your way, something you have to get around or over to reach your goal. A challenge, on the other hand, is a difficult task or a problem, something that you find hard to do. In other words, an obstacle is something over which you have no control, and a challenge is your opportunity to create competitive advantage.

Let me give you an example, like many of you, my husband and I love an adventure, and every year in mid-summer we head out for the ultimate hike – Upper Creek in the Linville Gorge area of North Carolina. To begin this hike you walk a mile down into a steep gorge until you come to the base of Upper Creek. In front of you stretches ten miles of the greatest fly fishing and the toughest hiking you can ever imagine, and once you commit to this hike the only way out is to turn around and go back (which is to admit defeat) or to reach your destination or to get to the other end.

Now the only real way to actually reach your destination is to basically work together to solve a puzzle. Each and every year due to rain patterns, water flow, and amount of snow fall, the trail and the path changes. Rocks move,
creek banks wash out, and shifting terrain all combine to give you new obstacles, which create different challenges, which force you to find new opportunities to get to your end destination.

In all the years we have done this hike, we have never hiked Upper Creek the same way twice. Some years the water is tolerable to wade through, others it is ice cold; some years the boulders are not slick and easy to climb, others they are impossible even using two people to get up and over, and some years the river banks can be easily scaled and others you don’t even want to think about getting your footing wrong – well let’s just say you do not want to get your footing wrong. The point is we always make it through, and we always get out, because we do not let the obstacles stop us.

We go in with the attitude that the way we did it last year, is not going to be the way we will be able to do it this year. We accept that when an obstacle is in our way, there is nothing we can do about it. So rather than whining or complaining about the obstacle, we adjust to the new environment and discuss the challenges that have been created and, then lastly and most importantly we look for and create new ways, new opportunities to get to our end destination.

And that is what we in the financial services industry have to do:

1. **Expect** – there to be obstacles and that you are no longer going to be able to do things as you have done them in the past. We all know that the five we listed at the beginning of this article (technology, compliance and regulation, interest rate environment, competition and the economy) are not going away, they are not going to stabilize and there is very little to almost nothing you can do about them or that.

2. **Adjust** – then adjust to your new environment. Stop giving energy (through whining and complaining or wishing it were different) to the obstacles and instead invest in identifying the challenges. Spend time with your team talking about what challenges or difficulties these obstacles have created for you and how they impact your current plan or strategy.

3. **Create** – then lastly create new opportunities and new ideas for reaching your end goal and achieving success. This is your competitive advantage. Once you stop trying to control or prevent what you cannot control or prevent, you will free up your mind, your creative juices, and come up with new plans and new strategies for achieving success.

Yes, these are challenging times, and success today is not easy. However, if you follow these three steps and expect obstacles, adjust to the challenges and create opportunity you will find yourself turning your obstacles into opportunities and leaving your competition in the dust!

Motivational Keynote Speaker & Business Growth Expert, Meridith Elliott Powell, works with clients to help them instill ownership at every level to ensure profits at every turn. Click here for 3 Sure Fire Tips To Get Your Team To Instill Ownership At Every Level, To Get Profits At Every Turn! Meridith is the author of several books, including her latest, *Winning In The Trust & Value Economy*: a professional’s guide to business and sales success. When not keynoting and leading workshops, she looks for inspiration cycling, golfing or hiking her favorite trail. [http://www.meridithelliottpowell.com](http://www.meridithelliottpowell.com)