

WHAT'S AHEAD IN 2025 FOR REGIONAL BANKS, THEIR CUSTOMERS and THEIR EMPLOYEES?

With a change in government administration about to begin, the financial services world in general faces new challenges and anticipates new opportunities with the promised adjustments to government mandates regarding risk and regulatory compliance and a revised approach to business in general.

Much has been written about what is ahead; this article focuses specifically on the impact expected changes will have on Regional Banks, their Customers, and their Employees.

Eased regulatory environment

While there are no guarantees any of the following **will** happen, nor any attempt to predict just **when**, the prevailing belief is that a new administration, will quickly outline a more relaxed approach to regulation for the financial services industry in general. This action will help Banks reduce previously high compliance costs and give them additional funds, time, and workforce to expand and grow their operations.

With the spotlight of regulatory compliance dimmed, Banks will be able to re-group and re-think how THEY want to formulate their own regulatory guidelines, whether their approach will continue to be a full-fledged and more conservative style, or whether they will loosen the strings a little or a lot.

Uptick in M&A activity

With a favorable regulatory climate, an increase in mergers and acquisitions is probable. Banks whose defined growth path is via M&A could become even more active in such pursuits to expand their geographic footprint or enrich the services offered.

The obvious result is beneficial to mid-sized banks seeking growth and to smaller banks who see their future as part of a larger and more robust organization.

Increased lending activity

The new administration is expected to be more pro-business and dedicated to supporting work in the US vs any type of offshoring activity. Pundits are predicting that this re-alignment of emphasis, along with other anticipated changes, will lead banks to re-focus their attention on lending. Watch for regional banks expanding their offerings and beginning serious campaigns to carve out a greater emphasis on their loan programs. One result will be a more competitive marketplace and a greater emphasis on customer experience.

That more competitive marketplace will dictate improved processes. And that will lead to quicker and easier loan approvals for those looking to fund a new business, consolidate personal debt or just purchase that dream home or brand-new car.

Lower corporate taxes

If anticipated tax cuts become a reality, this could significantly improve profitability for regional banks by reducing their tax burden. The additional available funds will feed growth and the focus on new offerings described above by giving Banks freed up dollars to use as they wish.

In Conclusion

So where does all that newfound time and capital go? What does all the above mean for a Bank, its Customers, and its Employees?

If the predictors are right and the above plans all come true, Regional Banks will have the luxury of additional funding to take a wider look at everything they do, everything they offer, and to speed up their growth.

Smaller banks will be subsumed into larger banks, the average bank's offerings can be expanded, AND there will be course corrections within every banking organization.

A shift in internal focus away from an emphasis on regulation to a more relaxed approach, frees up capital, workforce, and time for growth and more attention to enhancing services. This benefits the Bank itself by allowing more emphasis on planned growth, organically or through acquisition, and on expansion/improvements to the services being offered.

In what will become a more competitive marketplace, Banks will need to up their game by more dedication to “customer experience,” how they attract and hold onto customers, and how can they grow and improve.

What is outlined above can benefit the average customer by leading to enhanced product offerings, better customer service and more focused attention on their individual and collective needs,

And a broader and enhanced portfolio of services obviously benefits the Customer by allowing a full-scale shopping experience; all their banking needs under one umbrella. For a Bank that translates to a higher level of customer loyalty, a goal every financial institution aspires to reach.

And let us not forget the diligent Bank Employees. The availability of Bank funding provides additional dollars for improvements in technology, more freedom to reward existing staff members and hire needed additions, and a possible uptick in profit sharing or bonus packages. Long planned projects focused on internal improvements can re-surface leading to more opportunities for each Employee to learn, grow and be challenged, calling on his/her full breadth of experience. And a workload reduction as new staff members are hired could lead to a more relaxed and less stressful workplace.

Finally, as Banks move into “growth mode,” Employees will see a clearer and stronger view of potential advancement paths within the organization, more options for training and skill development, and more hope that they can build a real long-term future within an organization.

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