

3 Digital Innovation Strategies For Community Banks

Insights from Treasury Prime's latest research reveal how community banks can modernize to compete.

INTRODUCTION

Adapting to a digital-first market

When a small business owner applies for a loan, they may not expect to have to visit a branch in person and wait weeks for approval. The same goes for customers opening a new account or gig workers accessing earned wages — these interactions increasingly occur online, in real time.

As frictionless banking becomes the baseline, community banks can no longer compete through local footholds alone. To drive growth and meet customer expectations, the ability to launch new digital capabilities and participate in embedded finance programs is essential.

According to Treasury Prime's [2025 Banking Innovation Index](#), a survey of 300 decision-makers at community banks, many institutions think they're making headway on digital innovation.

In fact, **more than half (55%) say their tech stack is “fully modernized.”** Yet, challenges remain as banks navigate regulatory complexity and work to keep pace with evolving customer demand.

Is your bank prepared to innovate for growth? Here are three tips to lay the foundation for successful digital innovation. →

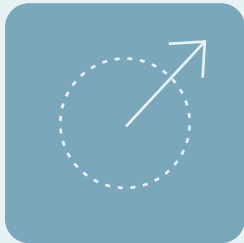
1. Support embedded finance with an integration-ready foundation

Embedded finance is a critical growth engine for community banks — and respondents agree.

Nearly all (99%) say embedded finance is important to their institution's long-term survival.

Most banks are using hybrid infrastructure to pursue this opportunity, with **71% using or planning to use a mix of in-house and third-party technology.** And 62% are very confident their current technology can support their market expansion goals over the next three years.

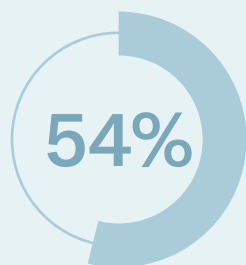
However, banks can't overlook the need for scalability. Legacy systems may suffice for certain modernization initiatives, but embedded finance demands seamless integration. As you expand fintech partnerships and roll out new products, success hinges on infrastructure that can flex as your offerings evolve.



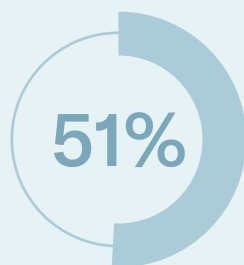
INNOVATION INSIGHT: ENSURE FLEXIBILITY WITH A MODULAR SOLUTION

Treasury Prime's [Bank OS](#) offers a fully-functional side core that streamlines integration with your institution's core system, enabling you to stand up new embedded finance programs without lengthy system overhauls.

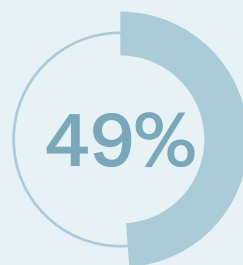
TOP EMBEDDED FINANCE USE CASES BANKS ARE EXPLORING OR OFFERING



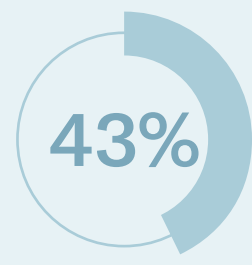
Banking-as-a-Service (BaaS) or embedded banking



Embedded lending



Payments-as-a-Service or embedded payments



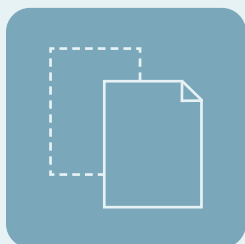
Real-time or instant payments

2. Ensure compliance through your tech infrastructure

Compliance is top of mind for banks, especially when evaluating potential fintech partners. Of the criteria considered, risk management (34%), strong security and data protection (32%), and regulatory and compliance adherence (32%) emerged as most important.

Simultaneously, banks face evolving regulatory demands that complicate modernization efforts, particularly when it comes to third-party oversight. **About half (51%) of decision-makers agree regulatory uncertainty is stalling digital innovation at their bank.**

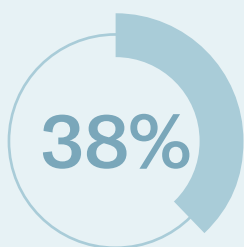
With regulations constantly evolving, banks' digital infrastructure should centralize compliance by design — not treat it as an afterthought. Technology that allows your institution to control onboarding policies and monitor key compliance data helps promote regulatory discipline as you expand your digital footprint and embedded finance programs.



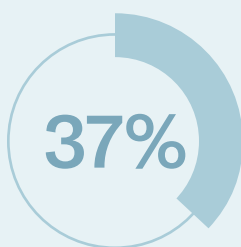
INNOVATION INSIGHT: TAKE CONTROL WITH INTEGRATED COMPLIANCE MONITORING TOOLS

Treasury Prime's tools enable your bank to automatically track and log key data including KYC, Reg CC, AML/BSA and reconciliation reporting requirements so you can own your compliance program from end to end.

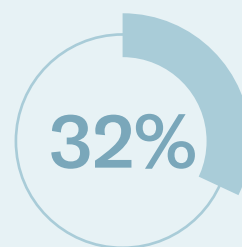
TOP COMPLIANCE CHALLENGES WHEN ADOPTING DIGITAL TECHNOLOGIES



Consumer protection
law compliance



Open-banking and data-
sharing compliance



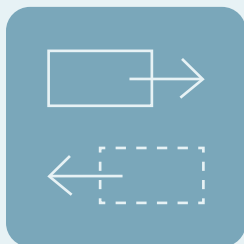
Ensuring auditability and
reporting requirements

3. Prioritize real-time capabilities to meet customer demand

Demand for fast, frictionless banking is accelerating. When asked which digital banking features are most important to community banks' business customers and account holders, instant payments (30%) and instant credit and loan approvals (30%) topped the list.

Leaders are taking note, with **40% of decision-makers saying investment in real-time payments infrastructure is essential to their growth strategy.**

Banks that deploy real-time capabilities can gain a competitive edge, but success depends on technology that works with your legacy systems to avoid costly overhauls.



INNOVATION INSIGHT: DELIVER INSTANT EXPERIENCES THROUGH MODERN PAYMENT INFRASTRUCTURE

Treasury Prime's Bank OS bridges the gap between your bank's existing technology and modern payment gateways, enabling your institution to offer customers real-time payment options, such as FedNow transactions.

CONCLUSION

Build for the next generation of banking

Your customers are looking for convenient digital solutions — and they'll turn to banks that can deliver. To stay ahead of the competition and grow sustainably long-term, you need infrastructure that supports embedded finance, enables real-time capabilities and ensures oversight across every digital channel.

Treasury Prime gives you the flexibility to modernize at your pace. With our modular Bank OS, you can uplevel your digital banking offerings and strengthen fintech partnerships, all while maintaining control over how you serve your customers and manage your operations.

IS YOUR TECH STACK READY FOR TODAY'S BANKING DEMANDS?
CONTACT US TO LEARN HOW TREASURY PRIME SUPPORTS SCALABLE
INNOVATION ALIGNED WITH YOUR INSTITUTION'S GOALS.

Reach us directly at sales@treasuryprime.com for more information.