

Digital frontiers: the new banking imperative

The shift towards more digitally focused banking models has become a defining feature of the modern banking age. But what do banks and their customers hope to achieve, and what are the technological, investment and regulatory implications? To understand the challenges and opportunities that retail, corporate and private banks face, the Economist Intelligence Unit surveyed 305 senior banking executives (49% of whom were C-suite) based in Europe, North America, Africa and the Middle East, Latin America and Asia Pacific. Our key findings are presented below.

01

The digital challenge

Unlocking value from Artificial Intelligence (AI) will separate winners from losers, according to 77% of banking executives surveyed during the covid-19 pandemic.

AI will play a key role in the digital shift over the next five years.



66%

Two-thirds of banking executives state that new technologies like AI will continue to drive the global banking sphere up to 2025.



Strategic priorities of banks will be shaped by the pace at which they adopt these new technologies.

Top three priorities up to 2025:



32%

Improving the customer experience and engagement



31%

Migrating client usage to digital from physical channels



31%

Mastering digital marketing



02

Harnessing new technologies

In the deployment of new technologies, banks will compete with ever-present disruptors.

Top three cited competitors:



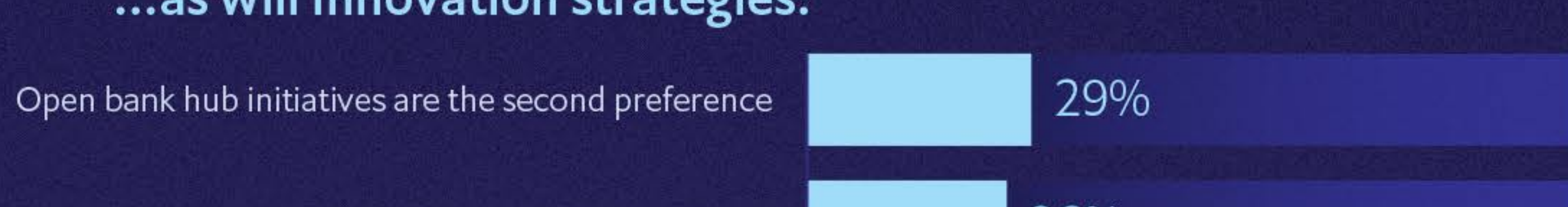
As a result, the 'platformisation', or platform-based services, of banking will strengthen.



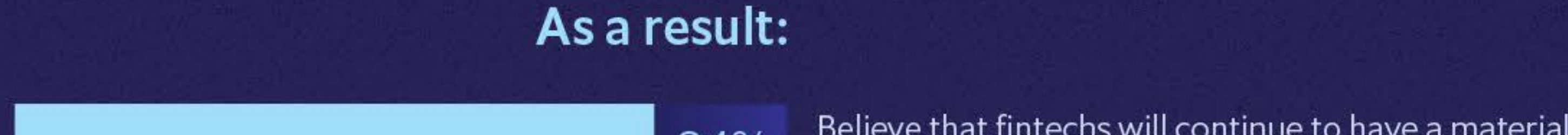
Agility will also be an important consideration:



...as will innovation strategies:



As a result:



03

The future: unlocking value

Banks and their clients increasingly have high expectations for a digitally-enabled future.



84%

agree that DevOps methodologies and modern cloud-based platforms will drive transformation in core banking services.



81%

of banking executives believe a multi-cloud strategy will become a regulatory pre-requisite.



59%

agree that the traditional branch-based banking model will be dead.



75%

of respondents think cash will represent less than 5% of all retail transactions globally by 2025.



Overall, customers stand to benefit from the digital shift, but some regions are better placed than others.



46%

in APAC say they will develop AI platforms, which is well ahead of North America (30%) and Europe (26%).

