



MARKET INSIGHT

MAY 2021

An aerial photograph of a tropical beach. The water is a vibrant turquoise color, transitioning to a lighter, sandy hue as it meets the shore. The beach is wide and sandy, with some darker patches of vegetation visible in the distance. The sky is a deep blue with scattered white clouds. A large, semi-transparent white circle is overlaid on the right side of the image, partially obscuring the beach and water.

SUCCESS. TOGETHER.



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"Customers expect their banks to be more than just transaction-oriented service providers."

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<https://bluenotes.anz.com/posts/2021/01/ey-future-of-banking-2030-corporate-commercial-sme>

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WHERE DOES BANKING GO FROM HERE?

The 2020s are off to a disruptive start. The pandemic prompted an unprecedented wave of digital transformation initiatives within organisations across the world. The need for innovation and digitalisation strategies – a point of debate even before the pandemic – was more apparent in a world gearing up for a new normal and changing customer expectations.

Financial services organisations that met these expectations by developing their digital capabilities thrived, while many others still struggle. However, this raises a new question – what could shape the next big shift in the financial services industry? Here are a few factors that may impact the next decade of banking.

KEEPING CASH AT A DISTANCE

The transition towards a cashless society has been an ongoing phenomenon for decades. The pandemic has been a catalyst for this movement, with more customers relying on mobile payments and banking solutions. However, this reliance on digital banking services promises to outlast the COVID-19 crisis, which is why traditional banking players and emerging fintech services are overhauling their current digital services or developing new applications to meet evolving customer needs. The coming years look promising for solutions built on a foundation of artificial intelligence, cloud-based platforms and data and analytics expertise.

SUBSCRIBING TO A NEW MODEL

As more apps with smooth onboarding processes, intuitive interfaces and fewer fees emerge, the industry would be wise to remember that the shift towards customer-centricity isn't all about technology, or transactions.

It's about the ultimate value that customers gain out of their experience. And since customer needs tend to become more nuanced in times of greater uncertainty, it opens up interesting opportunities to broaden and strengthen customer relationships.

A subscription model will allow them to offer tailored financial concierge services – usually reserved for high net worth individuals – to more consumers. If the rise of fintech start-ups and digital-only banks is any indication, consumers are willing to pay to access additional services that meet their needs and offer a more holistic experience.

MAKING AN IMPACT

The shift in global mindsets towards sustainability, equality and justice extends to the way customers think of money and the role of their banking partners. Customers expect their banks to be more than just transaction-oriented service providers. This translates into an opportunity for organisations to make bold, visible promises to address the needs of their communities and follow through by taking bold actions.

A major challenge, of course, is establishing clear parameters to measure positive change and ensuring sustained action. It also means that many established players will have to rethink internal practices and incorporate more forward-facing processes. However, financial service providers that can overcome these obstacles can gain the trust of a growing base of socially conscious consumers and steer their brand towards long-term sustainable success.

THE WORK-FROM-HOME SHIFT

With most financial services employees working from home for a large part of the 2020s, more businesses are rethinking the need for employees to ever return to physical office spaces. While the financial services industry might prefer returning to the old normal due to security concerns, employees with additional flexibility and safety concerns might think differently.

As more employees find that their home internet connections, VPNs and home-office infrastructure can get the job done, it will be up to financial service organisations to rethink the work ecosystem to increase collaboration, solve for technological limitations and create an engaging environment that supports employees who choose to work from home along with those who choose to return to the office.

While these factors may play a key role in shaping the next decade of banking and finance, the future is, as always, unpredictable. However, given the ever-changing nature of the road ahead, we can look forward to a decade where the financial services industry will make a conscious effort to embrace change.

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