

Banking in 2035: transformed banks regain trust

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Scenario 1

Economist Impact, sponsored by SAS, conducted a foresight research programme under which we developed three scenarios in 2035. These revolve around digitalisation (scenario 1), climate action (scenario 2) and geopolitical fragmentation (scenario 3). These possible futures illuminate how banks can evolve their mission and business models to deliver value to customers, shareholders, communities and the natural environment. The first of these scenarios is presented here.

The 2035 scenario

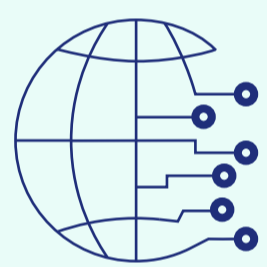
After more than a decade of transformation, the global banking sector looks radically different.

Once considered challengers, fintech and big tech companies are leading players in the financial services sector.

Traditional banks have ramped up defence strategies, embracing radically different business models, such as platform banking, in a bid to survive.

Banks have rehabilitated their reputation by proving to customers that they can be trusted to protect sensitive data and offer innovative products.

Key factors driving the path to 2035



Digital transformation: accelerated digital transformation drove banking sector consolidation and organisational change to maintain competitiveness.



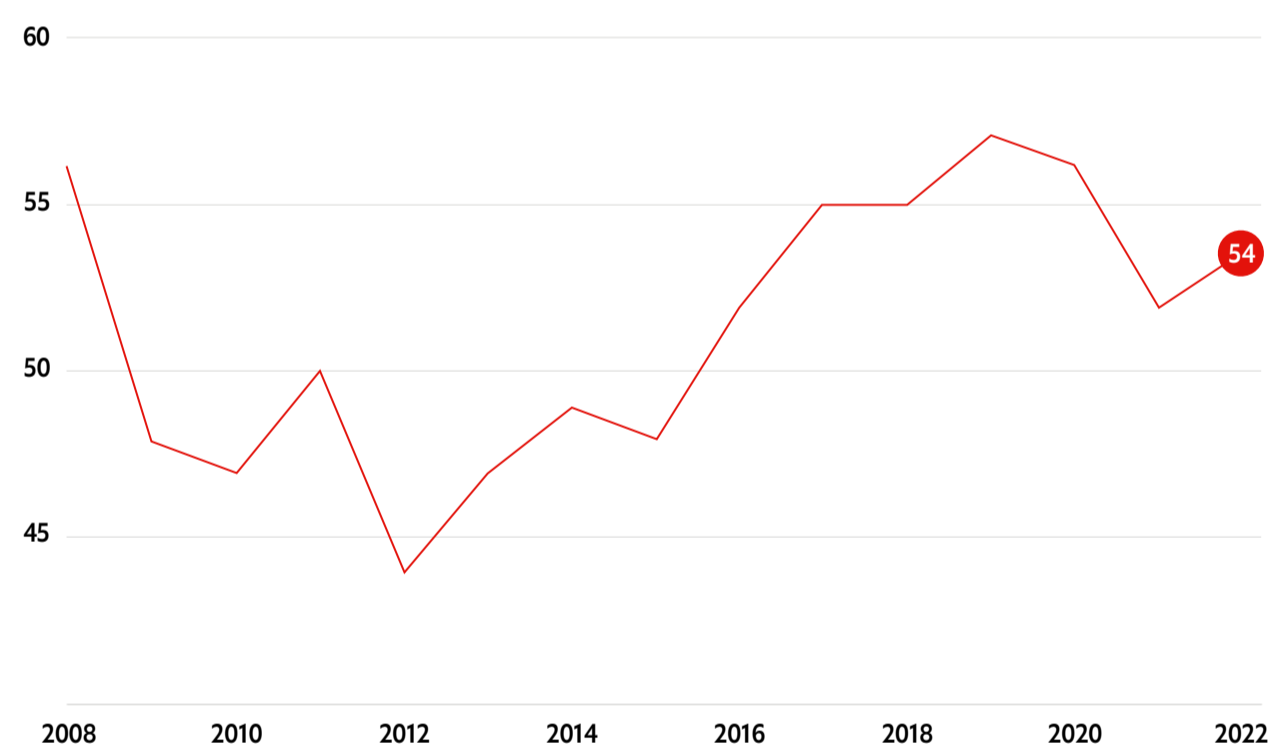
External partnerships: banks cultivated partnerships to unlock new business models and provide customers with digital ecosystem experiences.



Lack of public trust: to earn back the trust of sceptical customers, big tech and banks advocated for stricter regulations on consumer and investor protections.

Financial services has been among the least trusted sectors ranked by the public since 2008. Despite some improvement over the past decade, as at 2022 only 54% of the general population trust the sector.¹

Percentage of global survey respondents who trust the financial services industry, 2008-22



Managing rapid change

Challenges

- **Modernisation of legacy systems** remains difficult and poses cybersecurity risks.
- **Widespread adoption of artificial intelligence** risks displacing jobs and perpetuating discrimination.
- **Failure to safeguard data privacy** could cause a loss of public trust.

Opportunities

- **New profitable business models** (eg, platform banking, open banking) emerge.
- **More equitable access** to financial services is facilitated by digitalisation.
- **Customer experience** is enhanced and **regulatory compliance** becomes easier.

Conclusion

While it is entirely possible that there could be variations on this scenario by 2035, it sheds light on the ways that banks can evolve their mission to contribute to a sustainable future for both people and the planet.

Read the **Banking in 2035: three possible futures** briefing paper to find out more

¹ Source: Edelman, "2022 Edelman Trust Barometer", 2022, <https://www.edelman.com/trust/2022-trust-barometer>