#### 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.



### 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.

the next five years. Two-thirds of banking executives state that

Al will play a key role in the digital shift over



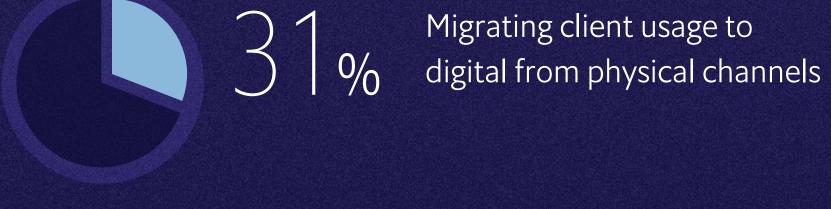


new technologies like AI will continue to drive the global banking sphere up to 2025.

pace at which they adopt these new technologies. Top three priorities up to 2025:



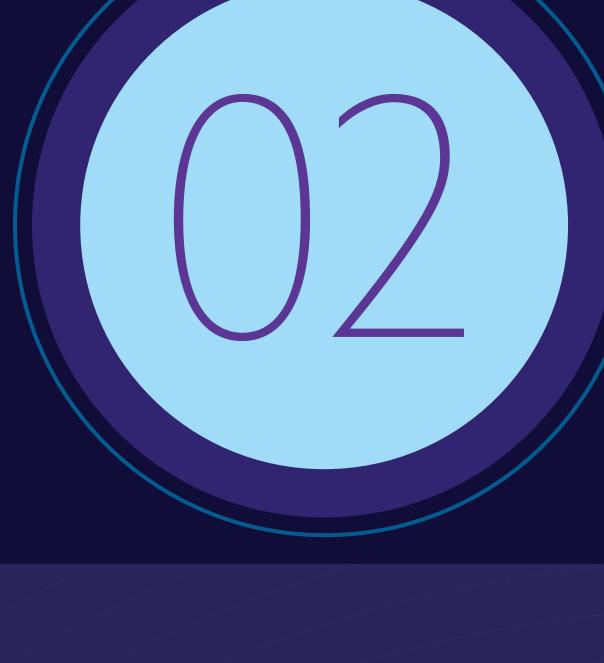
Improving the customer experience and engagement



31%

Mastering digital marketing





## Harnessing new technologies In the deployment of new technologies, banks

will compete with ever-present disruptors.



of banking will strengthen.

#### PayPal and Alipay Technology and

Top three cited competitors:

Partnerships between tech giants and fintechs

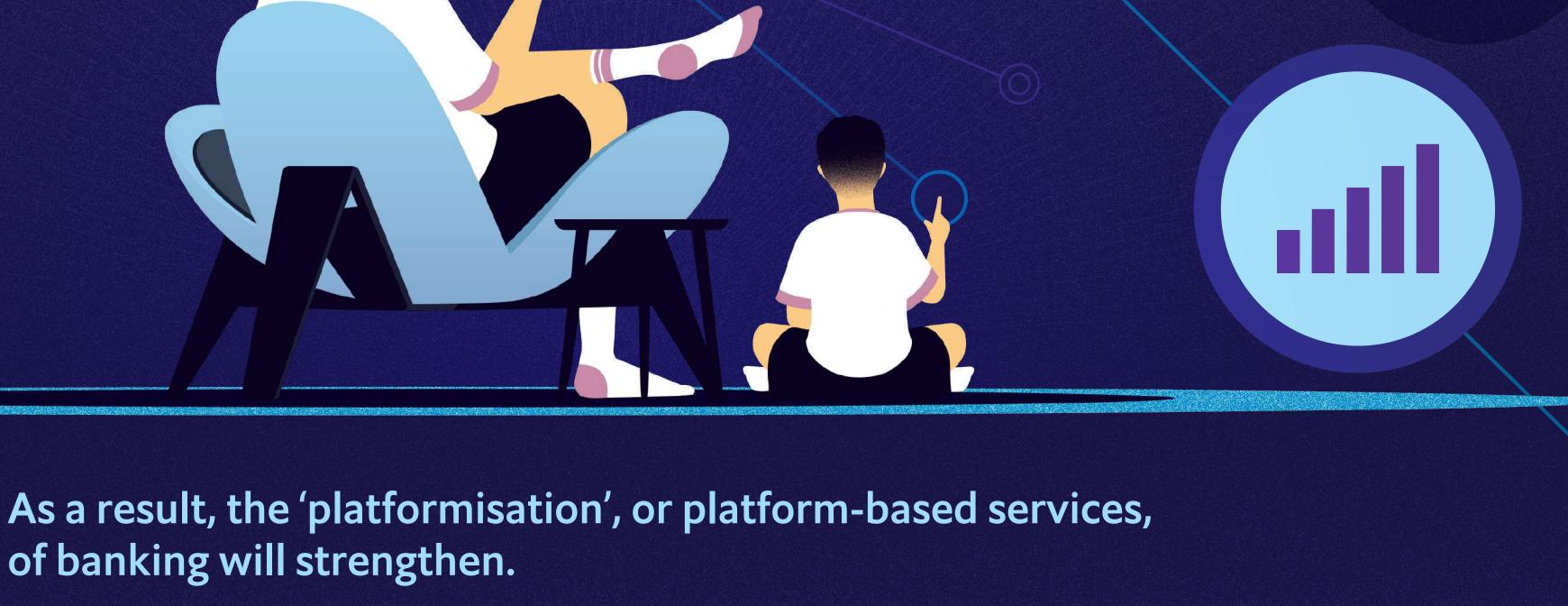
e-commerce disruptors

Payment players like

34% 24%

50%





83%

Banking executives are set on transforming their existing business models into a true digital ecosystem

Bankers think platformisation will steer the market

Building a greenfield digital bank is a top innovation priority for respondents

Agility will also be an important consideration:

35% ...as will innovation strategies: 29% Open bank hub initiatives are the second preference

26%

45%

As a result:

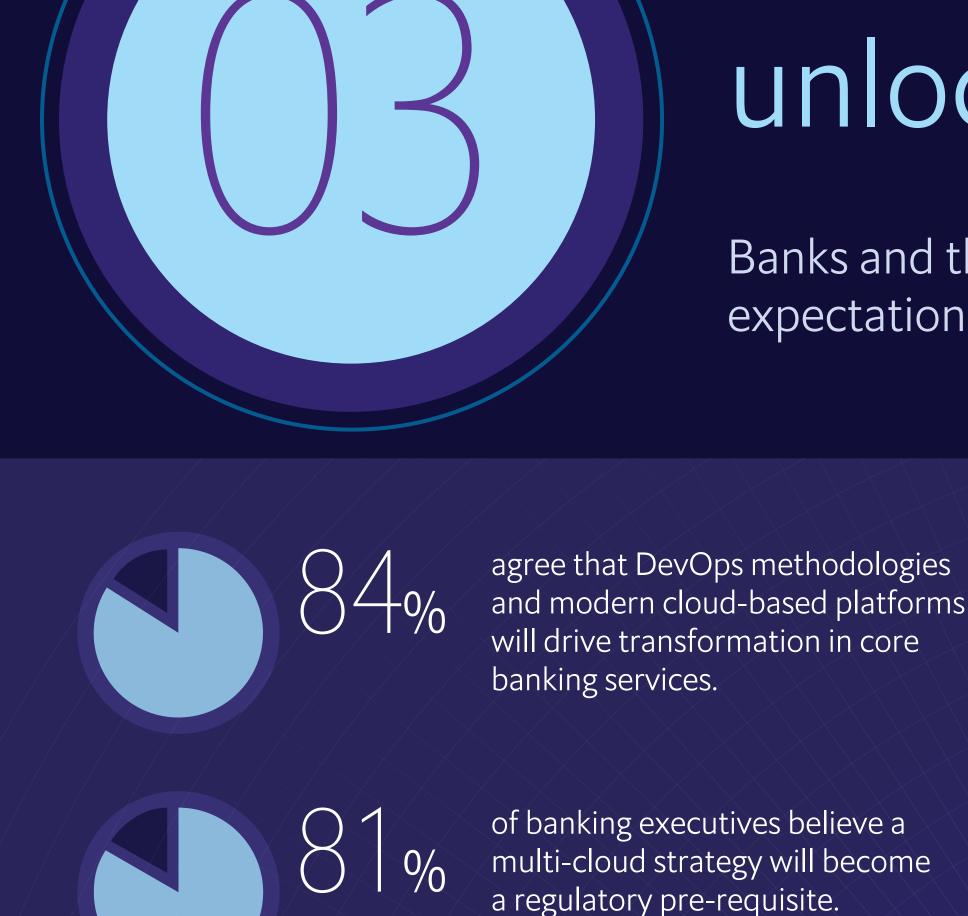
Investment in fintech start-ups

Believe that fintechs will continue to have a material

84% cost advantage over traditional banks The future:

unlocking value

Banks and their clients increasingly have high



# expectations for a digitally-enabled future.



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



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,



in APAC say they will develop Al platforms, which is well ahead of North

America (30%) and Europe (26%).

