Capgemini Financial Services Top Trends 2025

Retail Banking

January 2025

Explore Top Trends 2025

Capgemini RESEARCH INSTITUTE

The Capgemini FS Top Trends 2025 span three broad themes

Customer First

Transforming **customer experience** focusing on **omnichannel interactions** and the value of **products and services**

Enterprise Management

Revamping processes, teams, solutions, and operations to run enterprises with greater **agility and operational efficiency** to optimize the **cost of doing business**

Intelligent Industry

Leveraging the **most modern solutions** to deliver an **end-to-end digital experience** that transforms the value chain – from design to delivery of **intelligent products and services**

The Capgemini FS Top Trends in the Banking sector by sub-domain (1/2)

Wealth Management	Retail Banking	Payments
Seamless digital experience: Wealth firms power up digital platforms to consolidate services and create seamless CX	**Omnichannel experience**: Omnichannel customer journeys boost experiences across digital platforms, contact centers, and branches	**Open finance**: Open-finance-based use cases will grow as regulators improve financial data access
Hyper-personalized advisory: Artificial intelligence can enable made-to-order investment advice strategies	**Financial literacy**: Financial literacy and personal budget apps boost customer confidence and promote financial inclusion	**Instant payment adoption**: Instant payment rails are cannibalizing checks and debit cards, while mobile wallets maintain their dominance
Bridging generation gaps: With younger entrepreneurs on the rise, wealth firms shape advice to resonate with HNWIs of all ages	**Next-gen banking**: Retail banks set their sights on youth, the prime target of new age players, to secure long-term customer lifecycle growth	**POS innovations**: POS payment innovations can help banks enhance merchant acquisition capabilities and increase consumers' credit options
Inorganic growth strategies: Wealth firms seek external expansion to broaden services and boost revenues	**Operational resilience**: Digital operational resilience will remain crucial for regulatory compliance	**Cross-border payments**: Multi-territory instant payment corridors are revolutionizing cross-border payments, empowering businesses with speed and efficiency
Regulations drive ESG traceability: Wealth firms implement ESG asset transparency metrics as regulators standardize sustainability reporting	**RegTech for compliance**: Intelligent RegTech solutions will reduce compliance costs and timelines, as retail banks face escalating risks	**Cloud-based payment hubs**: Cloud-based payment hubs offers unified and consolidated multi-rail payment processing capabilities at scale
Digital onboarding: Digital onboarding boosts revenue for wealth firms through white-labeling, while accelerating client acquisition and improving compliance	**Deposit growth**: Deposit growth continues to be a retail bank priority along with lowering funding costs	**Multi-rail payment strategy**: Multi-rail strategy will enhance payment flexibility and offer different payment methods in a single interface
Unified operating models: Wealth firms unify operating models to deliver a consistent experience for HNWIs across geographies	**Onboarding efficiency**: Onboarding efficiency remains critical as retail banks embrace digital identity management for seamless onboarding	**Operational resilience**: Regulators are prioritizing operational resilience to foster trust in the cashless future of markets and economies
Gen AI for relationship manager efficiency: Gen AI-powered copilots can boost relationship manager productivity	**AI for efficiency gains**: Artificial intelligence will drive productivity by reimagining customer and employee journeys	**Decentralized identity**: Decentralized digital identity management combats fraud and grants customers greater control over their personal data
Real-world asset tokenization: Real-world asset tokens powered by robust blockchain networks improve liquidity and access	**ESG product strategy**: Banks will implement intelligent ESG product strategies and solutions	**Remittance transformation**: Remittance transformation is reshaping the global financial landscape, characterized by plummeting costs and lightning-fast transfer times
Cloud-native wealth management platforms: Cloud-native platforms scale workflows and enable cost-efficient wealth management processes	**Leveraging open finance**: Open finance regulations clear a path for retail banks to develop a 360-degree customer footprint	**Data monetization**: Payments data is driving innovation and leading to the creation of new revenue streams

Customer First · Enterprise Management · Intelligent Industry

The Capgemini FS Top Trends in the Banking sector by sub-domain (2/2)

Capital Markets	Lending & Leasing	Sustainability
Perpetual KYC revolution: Organizations are digitizing and automating KYC processes to reduce the cost of compliance and enhance customer experience	**Frictionless Enterprise:** Providing a one stop shop for equipment delivered through a seamless omnichannel digital experience	**Sustainable product opportunities:** Growth in innovative and eco-friendly debt instruments and insurance products
Accelerating sustainable lending: Banks are augmenting to accelerate green lending and leverage sustainable finance as a growth engine	**Moving towards Equipment-as-a-Service:** Redefining equipment financing with growth of an as-a-service model	**Sustainability service opportunities:** Financial institutions support their end-clients beyond financing to accelerate their net zero transition and resiliency
Changing investment landscape: The market landscape is shifting as organizations adapt to passive investing, retail investor growth and geopolitical forces	**Embedded finance**: Transforming equipment leasing with seamless integration of financing solutions	**ESG risk criteria:** Financial institutions increasingly incorporate ESG risk factors into their investment strategies and risk management processes
Efficiencies through collaboration: The industry is moving towards mutualization and strategic outsourcing to reduce the cost of post-trade processing	**Expanding B2C channels**: Leveraging digital platforms for scalable growth and enhanced customer engagement	**Increased regulation:** Enhanced regulatory frameworks and reporting reshapes corporate accountability through rigorous ESG standards by 2025
Capital efficiency: Global uncertainty and regulatory shifts are driving organizations to focus on mastering their capital strategy	**Bespoke Solutions:** Offering customized solutions in an efficient and cost-effective manner	**Industrialized climate risk modeling:** Financial institutions are intensifying efforts to assess, manage, and disclose climate related risks to stakeholders
Modernized resilient platforms: Limitations in legacy systems are driving capital markets organizations to modernize their core systems	**Green asset financing**: Need for sustainability reshaping the investment landscape	**Greenwashing and greenhushing:** Financial Institutions face scrutiny from customers and activists and possible penalties from regulators, consumers and activists
DLT & tokenization: The increased integration of DLT and tokenization into mainstream finance is digitally transforming the financial services industry	**Navigating the regulatory landscape**: Shift towards sustainable and transparent lending	**Decarbonization of portfolios:** Stakeholders increasingly prioritize low-carbon investments to reduce carbon footprints and align with climate goals
Leveraging Generative AI: Capital Markets organisations are seeking competitive advantages using Gen AI to create actionable insights, efficiencies and differentiation	**Ushering digital transformation:** Leveraging data driven management and decision making	**Sustainability as corporate DNA:** Enterprise-wide sustainability with integration into operations, products and services and supply chain
Global accelerated settlement: The drive for a global T+1 settlement cycle continues, with the UK and EU pushing forward with plans	**Simplifying and standardizing process:** Essential steps for leveraging Artificial Intelligence and Machine Learning technologies across geographies and business lines	**Gen AI aiding sustainability:** The advent of Gen AI has made financial services look at more innovative ways of implementing Sustainability
Transaction reporting optimisation: Following the recent regulatory rewrites, firms are shifting focus to efficiency and control	**Balancing automation with human expertise:** Integration of Artificial Intelligence and Machine Learning for efficiency while preserving human judgment and creativity	**Going beyond carbon emissions:** Financial services broaden focus beyond carbon emissions to include social and biodiversity factors in ESG strategies

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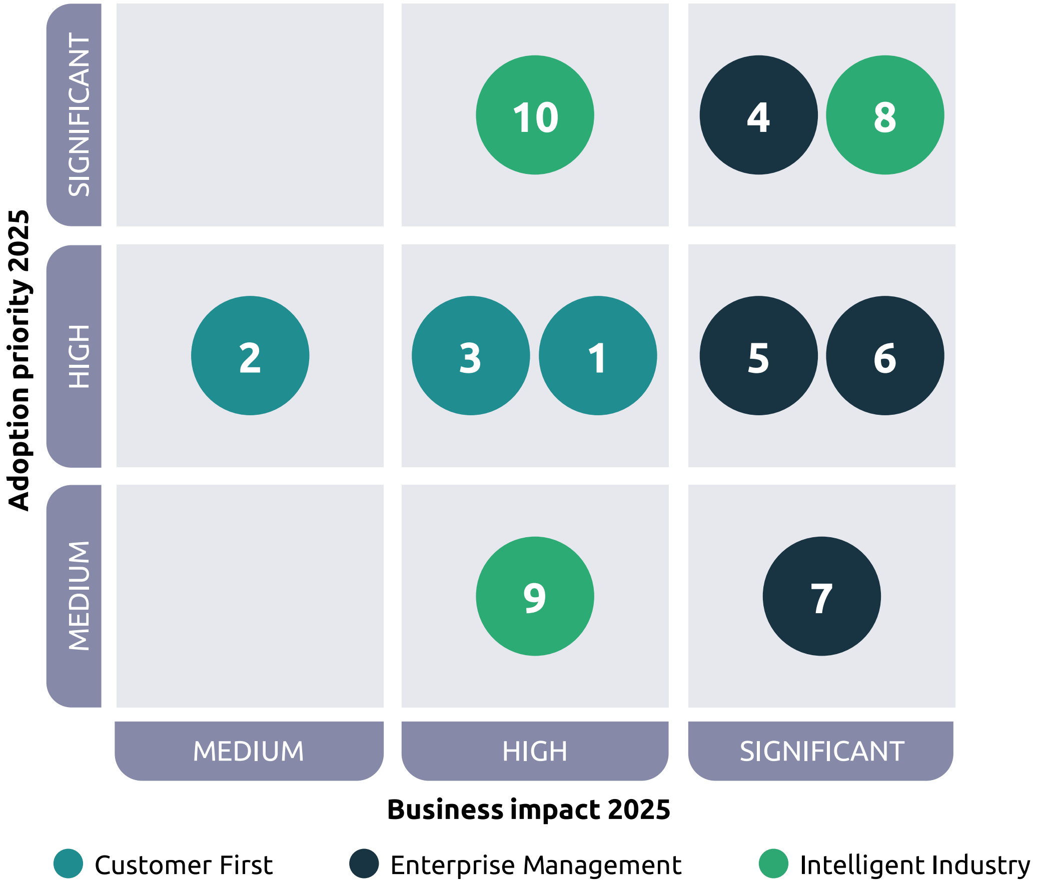
Retail Banking Top Trends 2025 – Priority Matrix

1. **Omnichannel experience:** Omnichannel customer journeys boost experiences across digital platforms, contact centers, and branches
2. **Financial literacy:** Financial literacy and personal budget apps boost customer confidence and promote financial inclusion
3. **Next-gen banking:** Retail banks set their sights on youth, the prime target of new-age players, to secure long-term customer lifecycle growth
4. **Operational resilience:** Digital operational resilience will remain crucial for regulatory compliance
5. **RegTech for compliance:** Intelligent RegTech solutions will reduce compliance costs and timelines, as retail banks face escalating risks
6. **Deposit growth:** Deposit growth continues to be a retail bank priority along with lowering funding costs
7. **Onboarding efficiency:** Onboarding efficiency remains critical as retail banks embrace digital identity management for seamless onboarding
8. **AI for efficiency gains:** Artificial intelligence will drive productivity by reimagining customer and employee journeys
9. **ESG product strategy:** Banks will implement intelligent ESG product strategies and solutions
10. **Leveraging open finance:** Open finance regulations clear a path for retail banks to develop a 360-degree customer footprint



Capgemini's **Priority Matrix** outlines our assessment of the impact of 2025 trends on operating environments facing:

- Softening inflation and high interest rates, coupled with stagflation trends
- Geopolitical instability
- Dynamic regulatory activity
- Intense competition and increased focus on customer centricity due to the impact of new-age players
- Operational cost overruns and high capital lock-in

- **Adoption priority**: The criticality of a 2025 trend to value creation because of its sector importance.
- **Business impact**: Each trend's effect on 2025 sector business as it relates to customer experience (CX), operational excellence, regulatory compliance, or profitability. Circumstances will vary for each firm depending on business priorities, geographic location, and other factors. For more information, contact us at banking@capgemini.com.

Trend 1

Omnichannel experience

Digitalized customer journeys boost experiences across digital platforms, contact centers, and branches

Background

- Customer journeys across multiple channels often involve digital and physical interactions. Siloed channel operations can create **friction** and **hinder seamless customer experience** (CX).
- **60%** of customers surveyed for the World Retail Banking Report 2024 said their **bank's self-service chatbot experience** was **average**.[1]
- The same report revealed that only **32% of customers** were **satisfied** with their bank's **customer contact center** experience.[1]

Impact

- By transitioning from a **siloed multichannel** to an **end-to-end omnichannel** customer interaction strategy, banks can offer seamless **start-anywhere-finish-anywhere** customer journeys.
- **Omnichannel customer journeys** enable banks to collect and leverage **cross-channel customer insights** to **tailor offerings** and **interactions** to each customer's preferences.
- By actively **understanding** and **mapping customer journeys across various channels**, retail banks can **identify** and **address pain points** to **enhance CX**. In turn, **improved customer experience** can foster greater **customer loyalty**.

Sources: 1. Capgemini World Retail Banking Report 2024; Capgemini Research Institute for Financial Services analysis, 2024

Trend 1

Omnichannel experience

Digitalized customer journeys boost experiences across digital platforms, contact centers, and branches

Figure 1: Advantages of an omnichannel versus multichannel approach

Multichannel	Omnichannel
Banks offer **independently operating channels** and **modes of interaction** across products	Banks offer a **connected and consistent experience** across all channels and products
Banks collect and store data in silos, resulting in different customer experiences for each channel	Banks **connect data and processes** across channels for a seamless experience at every customer touchpoint
Bank's channels often conflict with each other, leading **to friction in customer journeys**	With an omnichannel strategy, the bank's **digital and physical channels operate in synchrony**

RBC Royal Bank

To get new client relationships off to a smooth start, RBC Bank offers an **interconnected omnichannel client acquisition ecosystem**. This strategy **seamlessly integrates physical** and **digital channels**, enabling new customers to **initiate** and **complete** the **account opening** process **through** their **preferred channel.**[1]

NatWest

NatWest launched an upgraded digital assistant, *Cora+*, in mid-2024 to enhance its omnichannel service offerings. Cora+ allows customers to **transition seamlessly from chatbot interactions to live customer-service agents**, ensuring a cohesive cross-channel experience.[2]

Sources: 1. Celent; 2. Natwest; Capgemini Research Institute for Financial Services analysis, 2024

Trend 2

Financial literacy

Financial literacy and personal budget apps boost customer confidence and promote financial inclusion

Background

- As banking shifts to **digital platforms**, consumers are frequently required to make financial decisions independently. Yet, a 2024 Capital One survey revealed that only about **55% of Americans are digitally financially literate**, scoring high in both digital literacy and financial literacy.[1]
- Increasingly, global regulators expect financial institutions to prioritize customer outcomes. In the UK, for example, the Financial Conduct Authority's **Consumer Duty regulation** mandates that firms ensure customers' full comprehension of the financial products and services they purchase.[2]
- The Capital One survey also revealed that **45% of US consumers** prefer to **manage their finances through a mobile app**.[3]

Impact

- Financial education informs bank customer behavior, resulting in **improved credit scores** and **less high-risk borrowing**.
- Financial literacy initiatives can help **retail banks boost cross-selling**. As **customers develop a better understanding and greater confidence in financial products such as investments and insurance**, banks can effectively cross-sell these offerings.
- As the financial services industry undergoes digital transformation, **retail banks can instill customer confidence** and **loyalty through financial literacy efforts**.

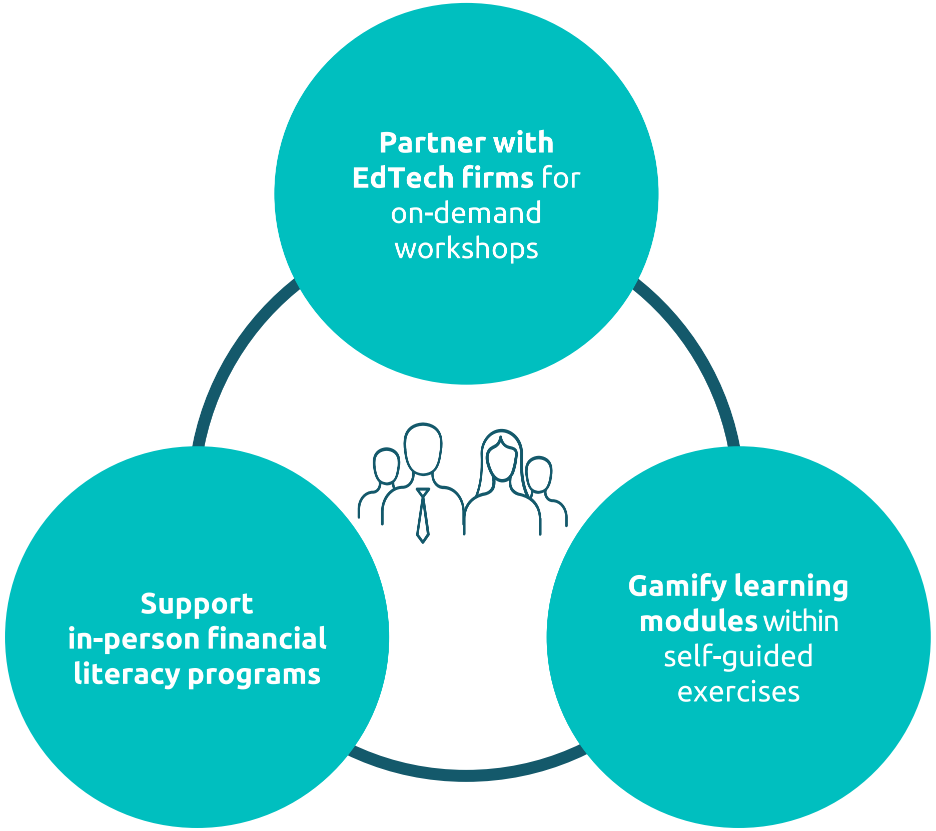
Sources: 1. CapitalOne; 2. Finextra; 3. CapitalOne; Capgemini Research Institute for Financial Services analysis, 2024

Trend 2

Financial literacy

Financial literacy and personal budget apps boost customer confidence and promote financial inclusion

Figure 2: Financial literacy programs can boost customers' digital confidence



Chase

Chase, the retail banking division of J.P. Morgan Chase, is **expanding its network of US community center branches** in underserved communities to offer **financial health workshops** and **skills training programs**. The bank planned to open three new community center branches in 2024, increasing its total to 19 locations.[1]

Revolut

In the United States, Alabama-based Regions Bank has enhanced its **financial literacy initiatives**. As part of the bank's *Next Step* and Regions *Greenprint* programs, it aims to help customers cultivate **a positive relationship with money** and **achieve their financial objectives**.[2]

Sources: 1. Chase; 2. Regions; Capgemini Research Institute for Financial Services analysis, 2024

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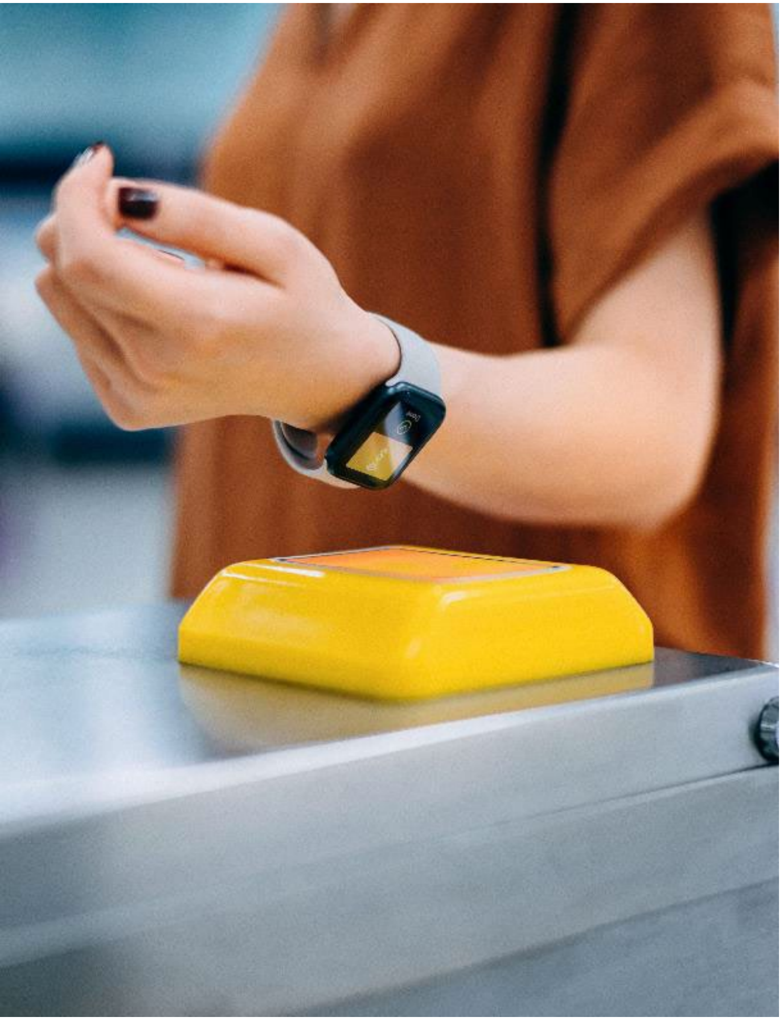
Trend 3

Next-gen banking

Banks set their sights on youth, the prime target of new age players, to secure long-term customer lifecycle growth



Background

- A report on youth banking reveals that **57% of parents prefer a family digital wallet solution through their existing banking provider**.[1]
- Research by Allied Analytics estimates that **starter credit cards**, primarily marketed at teenagers, could **generate USD 790 bn in revenue** by 2032, growing at a CAGR of 10.6% from 2023 to 2032.[2]
- Data services provider Cuscal estimates that in Australia alone, individuals **aged 6 to 22 represent a USD 825 billion total market size for retail banks**.[3]
- A 2024 Capital One survey found that **50% of US consumers (aged 18 - 24) scored high in digital literacy but low in financial literacy**.[4]

Impact

- By engaging with customers early and providing banking and education tools for youth, **banks create a foundation of trust that can lead to long-term loyalty**.
- With FinTech companies increasingly targeting younger users, **incumbent banks can remain competitive through enhanced offerings**. A focused **youth-banking strategy can help banks differentiate** through services that resonate with young digitally-savvy customers**.**
- **Banks that establish clear pathways** for young customers to migrate to adult accounts can capitalize on the youth-banking segment. **Strategic banks proactively communicate transitions at key life stages** to ensure customer relationship continuity.

Sources: 1. Rego Payment; 2. Global Newswire; 3. Cuscal; 4. CapitalOne; Capgemini Research Institute for Financial Services analysis, 2024

Trend 3

Next-gen banking

Banks set their sights on youth, the prime target of new age players, to secure long-term customer lifecycle growth

Figure 3: Retail banks can create a compelling value proposition for young customers

Innovation
Follow best practices established by industry leaders and provide **best-in-class experiences** for account holders

Intimacy
Combine technology with a **personalized relationship** to make every account holder feel unique and exclusive

Simplicity
Use a simple process and **straightforward language** to uncomplicate the relationship between people and their money

Reliability
Guarantee that customers' money is being responsibly **guided by top professionals they can trust**

Transparency
Be transparent in relations and operations, always making open and honest **communication with all stakeholders a priority**

U.S. Bank

In mid 2024, U.S. Bank partnered with FinTech Greenlight to **help families teach their children essential financial skills**. The collaboration gives eligible U.S. Bank customers **access to Greenlight's debit card and money management app**. An in-app financial literacy game, *Greenlight Level Up*, is designed to help users learn money skills.[1]

Revolut

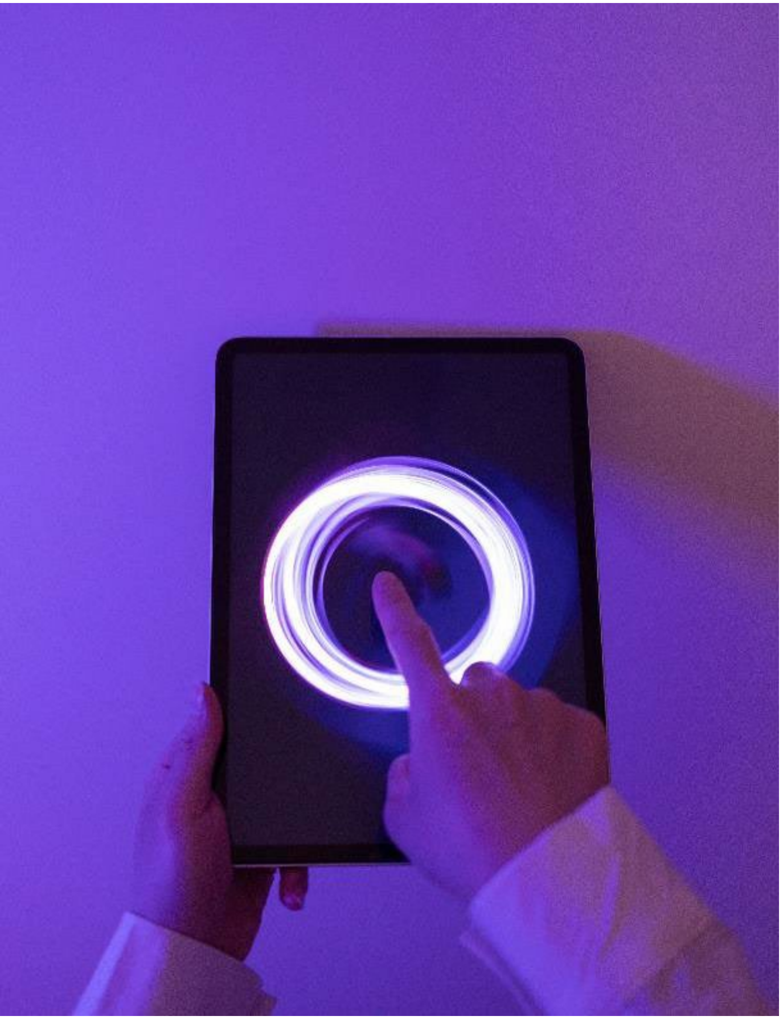
Revolut's youth banking app, *Revolut <18,* surpassed 2 million users in early 2024. The UK neo-bank's app offers analytics to **boost financial literacy through budgeting and spending analysis. Its** *Pockets* feature **encourages users to set aside money** for specific goals.[2]

Sources: 1. American Banker; 2. FFNews; Capgemini Research Institute for Financial Services analysis, 2024

Trend 4

Operational resilience

Digital operational resilience remains crucial for regulatory compliance



Background

- To **strengthen and harmonize** cybersecurity and operational risk management regulations in Europe, regulators created the **Digital Operational Resilience Act** (DORA), which requires **banks** and critical **third-party providers** to implement robust IT security measures by **January 2025**.[1]
- Research by Statista estimates that financial services firms **lost an average of USD 6.1 million per data breach** in 2024, up from **USD 5.9 million in 2023**.[2]
- Yet, an IMF survey of over 51 markets revealed that **56%** of central banks lack a defined **financial sector cyber resilience strategy** and **42%** of markets **lack dedicated cyber security or technology risk management regulations.**[3]

Impact

- Retail banks can **increase customer confidence with a demonstrated focus on digital operational resilience**. Preventing data breaches and cyber attacks will help banks **avoid reputational damage and regulatory action.**
- Retail banks with digital resilience plans can prevent **costly disruptions** from downtime and data recovery efforts.
- Retail banks that demonstrate a commitment to resilience can establish a **competitive advantage** over others and attract customers who value **security and reliability**.

Source: 1. EIOPA; 2. Statista; 3. IMF; Capgemini Research Institute for Financial Services analysis, 2024

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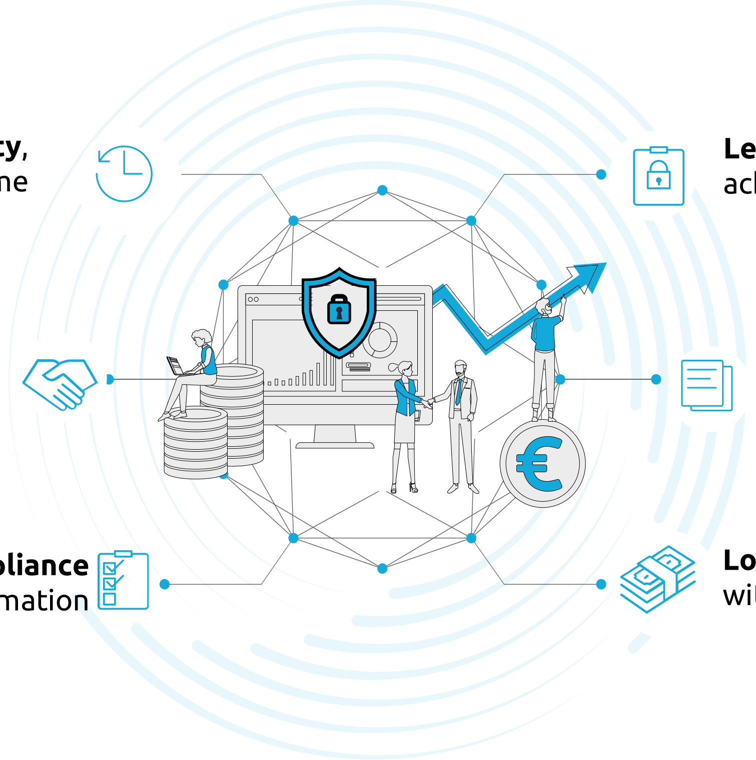
Trend 4

Operational resilience

Digital operational resilience remains crucial for regulatory compliance

Figure 4: Technology partners can help financial firms meet DORA requirements



Barclays

Barclays Bank entered a strategic partnership with Microsoft in June 2024 to enhance its **digital security capabilities** and **safeguard employees**, **customers**, and **operations against** evolving **cyber threats.**[1]

ANB

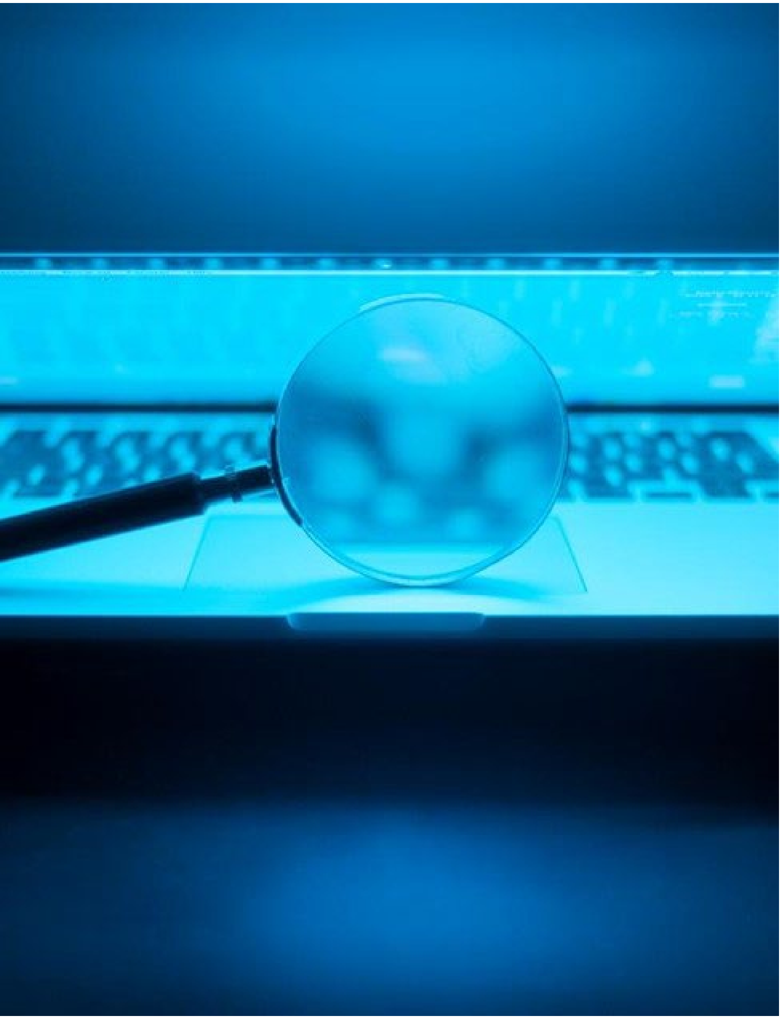
In Saudi Arabia, Arab National Bank **automated** its **IT disaster recovery with orchestration and real-time dashboards** to achieve minimal downtime and reduce manual effort by 90%. The move **enhances bank resilience, agility,** and **compliance** with regulatory demands.[2]

Sources: 1. Channel Life; 2. Kyndryl; Capgemini Research Institute for Financial Services analysis, 2024

Trend 5

RegTech for compliance

Intelligent RegTech solutions will reduce compliance costs and timelines, as retail banks face escalating risks



Background

- A 2023 Reuters survey of global financial services firms revealed that **over half** of respondents said they expected the **time spent on compliance to increase** in the next year.[1]
- Laws governing Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations have become increasingly exhaustive, with Forrester estimating that the **global cost of financial crime compliance has reached USD 206 billion**.[2]
- New risks emerge for retail banks with the exponential growth of transaction volumes. Fenergo, a provider of RegTech solutions, reported that in 2023, **banks and financial institutions shelled out USD 6.6 billion in fines** for failing to comply with regulatory reporting and compliance rules.[3]

Impact

- As more retail banks adopt RegTech solutions, **compliance and regulatory reporting is being automated**. And that means **banks can react to regulatory changes quickly and cost effectively**.
- RegTechs can help turn compliance processes into a **competitive advantage** for retail banks by enabling the use of sizeable regulatory data for **fraud analytics** and **informing underwriting decisions**.
- RegTech solutions also enable retail banks to build **resilience frameworks** that help them proactively identify and assess potential **regulatory** and **fraud risks**.

Sources: 1. Reuters; 2. Lexis Nexis; 3. Fenergo; Capgemini Research Institute for Financial Services analysis, 2024

Trend 5

RegTech for compliance

Intelligent RegTech solutions will reduce compliance costs and timelines, as retail banks face escalating risks

Figure 5: How can RegTech add value for retail banks?

Financial crime compliance

Integrate AI and ML capabilities with reporting to streamline financial crime compliance by automating identification of KYC and anti-money laundering (AML) incidents

Trade surveillance

Monitor transaction data to analyze patterns for market manipulation or other abuse; **generate alerts for potential violations**, ensuring timely action

Regulatory and compliance

Track and monitor regulatory developments for effective compliance, assess the impact of regulatory changes, and identify necessary adjustments in realtime

Data and information

Improve data quality and governance for regulatory and compliance disclosures; with improved data quality, regulatory data can be leveraged for analytics

First Citizens Bank

US-based First Citizens Bank selected the *RegCloud* solution from Adenza in late 2023 to enhance its **regulatory reporting capabilities**. RegCloud enables the bank to **transition to more efficient** and **hands-free reporting** processes.[1]

ING

Dutch bank ING tapped RegTech firm Ascent to automate identification of **its MiFID-II/MiFIR obligations**. Ascent shortened the process to **2.5 minutes**, a task that previously took **1,800 hours** of manual effort.[2]

Sources: 1. WFLA; 2. Ascent; Capgemini Research Institute for Financial Services analysis, 2024

Trend 6

Deposit growth

Deposit growth continues to be a retail bank priority along with lowering funding costs

Background

- A global **reduction of money supply in the market** by central banks (quantitative tightening*) in 2022 and 2023 has resulted in a significant outflow of deposits from banks. Additionally, **high interest rates have also increased the cost of capital** for retail banks.
- Despite exercising caution in expanding the money supply, **central banks have begun a cycle of interest rate reductions**. The European Union initiated rate cuts in June 2024, followed by the US Federal Reserve in September.[1, 2]
- Findings from the **Capgemini World Retail Banking Report 2024** indicate that retail bank executives rank the **high cost of capital and declining deposit volumes as the top two concerns**.[3]

Impact

- Retail banks can offer **bundled products that combine savings accounts with credit or investment options**, providing greater value to customers.
- Targeting **specific customer segments, including young professionals and retirement-age customers** with higher preference for liquid cash, retail banks stand to boost their deposit volumes.
- As interest rates continue to decline, retail banks must cultivate **stronger relationships with price-insensitive customers. By consolidating their customer needs** through **retention and acquisition incentives** (cash bonuses, fee waivers, and reward programs), banks maintain their deposit volumes.

Sources: 1. Federal Reserve; 2. ECB; 3. Capgemini World Retail Banking Report 2024; Capgemini Research Institute for Financial Services analysis, 2024
* Quantitative tightening occurs when a central bank chooses to reduce its balance sheet by refraining from reinvesting in maturing securities or by selling existing securities.

Trend 6

Deposit growth

Deposit growth continues to be a retail bank priority along with lowering funding costs

Figure 6: How central bank interest rates influence bank profitability

Increasing interest rates

2022

Deposit rates were low while **lending rates were high** resulting in a high spread for banks, translating into **high profits.**

High but stable interest rates

2023

Banks **increased deposit rates to remain competitive**. This started to impact their net margin.

Declining interest rates

2024 and beyond

Banks **need to be cautious as deposit rate sensitivity (deposit beta)** will be driven by factors like bank size, deposit mix, and customer loyalty.

Revolut

In mid-2024 Revolut launched *RevPoints*, **a pan-European loyalty program** in which customers can redeem points for everyday purchases. The **program seeks to increase customer engagement and boost bank deposits.**[1]

U.S. Bank

In September 2024, U.S. Bank announced the *Bank Smartly Savings Account*, **a savings offering bundled with its Visa Signature Card**. US Bank intends to **enhance deposit growth by specifically targeting younger**, affluent customers. U.S. Bank says its Smartly product line contributed to a 4.4% increase in deposits from 2023 to 2024.[2]

Source: 1. Qorus; 2. Financial Brand; Capgemini Research Institute for Financial Services analysis, 2024

Trend 7

Onboarding efficiency

Onboarding efficiency remains critical as retail banks embrace digital identity management for seamless onboarding

Background

- Capgemini's World Retail Banking Report 2024 explored delays in the KYC process for banking customers, with **64% of bank employees reporting that the process for each customer can take up to three days.**[1]
- Regulators globally are advocating for the adoption of digital identity tools for KYC processes. In April 2024, the **European Commission published the European Digital Identity Framework**, requiring member states to provide their citizens with a pan-European digital identity wallet by 2026.[2]
- In September 2024, Gartner published research findings which predict that by 2026, at least **500 million users will be using a digital identity wallet for KYC and verification claims**.[3]

Impact

- Digital identity verification will enable banks to **efficiently handle high volumes of customer onboarding requests without the need for additional resources**, facilitating easier scaling of operations as demand increases.
- Digital identity tools for KYC verification can also **significantly decrease the time required for onboarding customers, leading to increased conversion rates** and supporting 24/7 account openings.
- By utilizing digital identity management tools for onboarding and KYC processes, **retail banks can also improve accuracy and enhance fraud detection during the onboarding phase**.

Sources: 1. Capgemini World Retail Banking Report 2024; 2. Thales; 3. Gartner; Capgemini Research Institute for Financial Services analysis, 2024

Trend 7

Onboarding efficiency

Onboarding efficiency remains critical as retail banks embrace digital identity management for seamless onboarding

Figure 7: Digital identity models for retail banks

Centralized identity

A **single agency**, usually a regulatory or government body, is responsible for issuing and managing digital identities

Federated identity

Retail banks and financial institutions use **third-party providers** that issue and maintain digital identities on the banks' behalf

Self-sovereign identity

In this **decentralized model** for digital identity, users store their digital identities on their own devices and provide access on demand

NatWest

In July 2024, NatWest announced its integration of **OneID's bank-verified digital identity solution for** its **structured finance customers** in the Nordics. NatWest will use OneID's digital identity verification within Adobe Acrobat Sign, enabling the bank to digitally onboard and verify KYC of its customers.[1]

HSBC

HSBC Singapore implemented *Singpass Face Verification;* a digital identity wallet offered by the Monetary Authority of Singapore, in Q4 2024. The wallet enables users to **verify their identity for HSBC's mobile banking services.**[2]

Sources: 1. Banking Gateway; 2. Fintech News; Capgemini Research Institute for Financial Services analysis, 2024

Trend 8

AI for efficiency gains

Artificial intelligence will drive productivity by reimagining customer and employee journeys

Background

- AI in retail banking began with data-driven machine learning, advanced to new content generation with GenAI, and is now closing in on **agentic AI** – systems that possess a degree of autonomy and can act on their own to achieve specific goals. **Autonomous agents will help banks personalize services and automate operations.**
- **Domain-specific large language models** (LLMs) are being developed for the financial industry to analyze market data, understand financial regulations, and **automate risk assessment**, **fraud detection**, and **customer service**.
- Capgemini's World Retail Banking Report 2024 found that **70% of bank CXOs planned to increase digital transformation investments** by up to 10% in 2024.[1]

Impact

- According to Citi, **AI could boost banking industry profits by USD 170 billion by 2028**, enhancing productivity through automation and streamlined operations.[2]
- A 2023 NVIDIA survey found that **36% of financial services professionals reported AI applications reduced their company's annual costs by more than 10%.**[3]
- **Banks can optimize up to 66% of time spent on operational, documentation**, and **compliance-**related activities by **leveraging AI-powered intelligent transformation projects,** according to Capgemini research.[4]

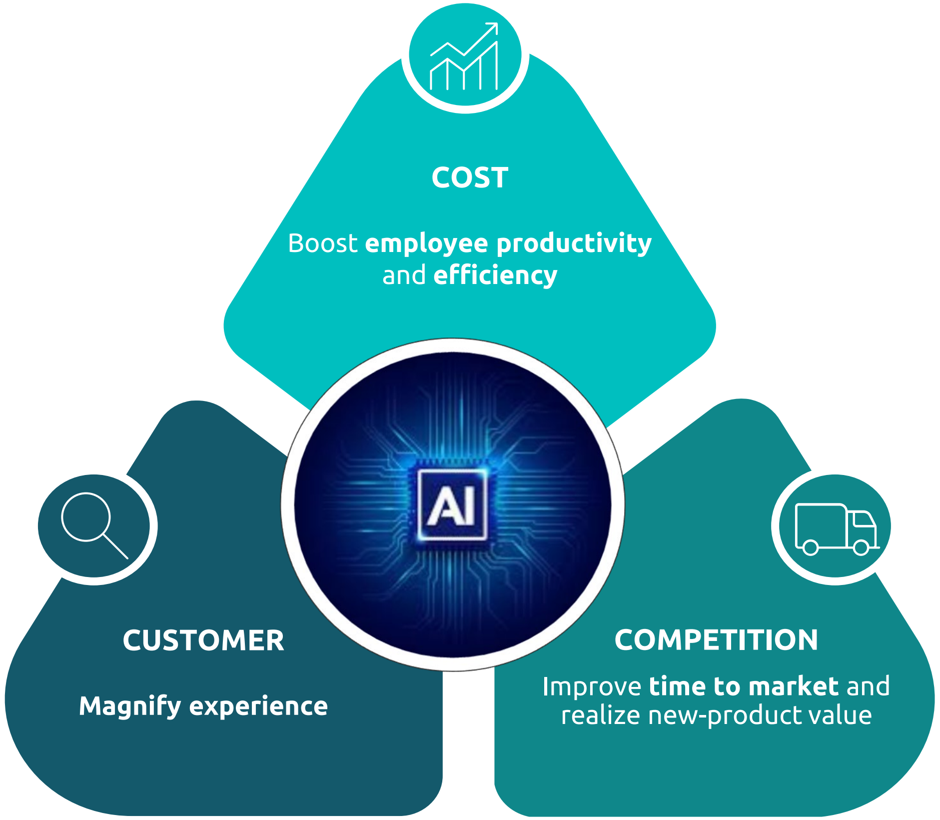
Sources: 1. Capgemini World Retail Banking Report 2024; 2. Citi; 3. BizTech Magazine; 4. Capgemini World Retail Banking Report 2024; Capgemini Research Institute for Financial Services analysis, 2024

Trend 8

AI for efficiency gains

Artificial intelligence will drive productivity by reimagining customer and employee journeys

Figure 8: AI can help banks navigate the cost, competition, and customer triad



J.P. Morgan Chase

In July 2024, J.P. Morgan Chase unveiled *LLM Suite*, a set of AI copilot tools designed to enhance employee productivity. The **virtual research assistant** offers writing assistance, idea generation, and document summarization.[1]

Commonwealth Bank

Australian multinational Commonwealth Bank adopted AI to **enhance efficiency, boosting software engineering productivity** by 30%. The bank reported that AI-driven tools also **boosted security** and **accelerated loan processing** by halving the time needed to verify income.[2]

Sources: 1. Forbes; 2. Financial Review; Capgemini Research Institute for Financial Services analysis, 2024

Trend 9

ESG product strategy

Banks will implement intelligent ESG product strategies and solutions

Background

- Regulations are encouraging financial services firms to power up ESG efforts. As part of Capgemini's "Embrace data to accelerate sustainability" report, **67% of executives said compliance is a key reason to initiate ESG initiatives.**[1]
- Investments in ESG technology will unlock value beyond compliance. More than **72% of global financial firms plan to spend ≥USD 500,000 on regulatory reporting**, **emissions data**, and **transitional climate risk modeling**, according to a 2024 Chartis Research study.[2]
- Banks are responding to growing customer demand for ESG products. An *Economist Impact* report sponsored by Temenos shows **73% of banks** will offer **more sustainable options** in the next five years.[3]

Impact

- By embedding innovative ESG products and solutions into products, retail banks can win **market differentiation** to create a **competitive advantage**.
- As **investors continue to prioritize ESG considerations**, sustainability products and services tailored to individual customers will help banks foster **deeper relationships**.
- Proactive use of ESG solutions can help retail banks bolster their **reputation** and **brand image**, while staying ahead of the regulatory curve.

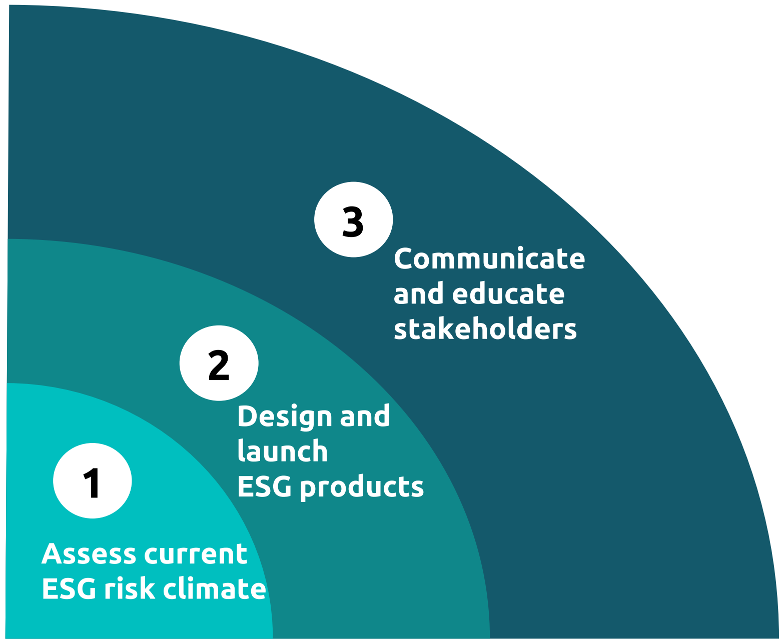
Sources: 1. Embrace data to accelerate sustainability; 2. IBS Intelligence; 3. Sustainability Magazine; Capgemini Research Institute for Financial Services analysis, 2024
*ESG stands for Environmental, Social, and Governance

Trend 9

ESG product strategy

Banks will implement intelligent ESG product strategies and solutions

Figure 9: Steps to ESG product and solutions strategy development



1. **Evaluate current ESG products and services**; benchmark against industry best practices to identify potential opportunities
2. **Develop ESG goals and frameworks** for different customer segments and leverage analytics to develop personalized products and services
3. **Communicate the ESG product strategy** to internal teams to ensure they understand their role in implementation and with external shareholders to build trust

Bank of Ireland

Bank of Ireland offers a **mortgage** with **discounted interest rates** for energy-rated homes: its *EcoSaver Mortgage* offers discounts for homes that have earned Ireland's Building Energy Rating.[1]

NatWest

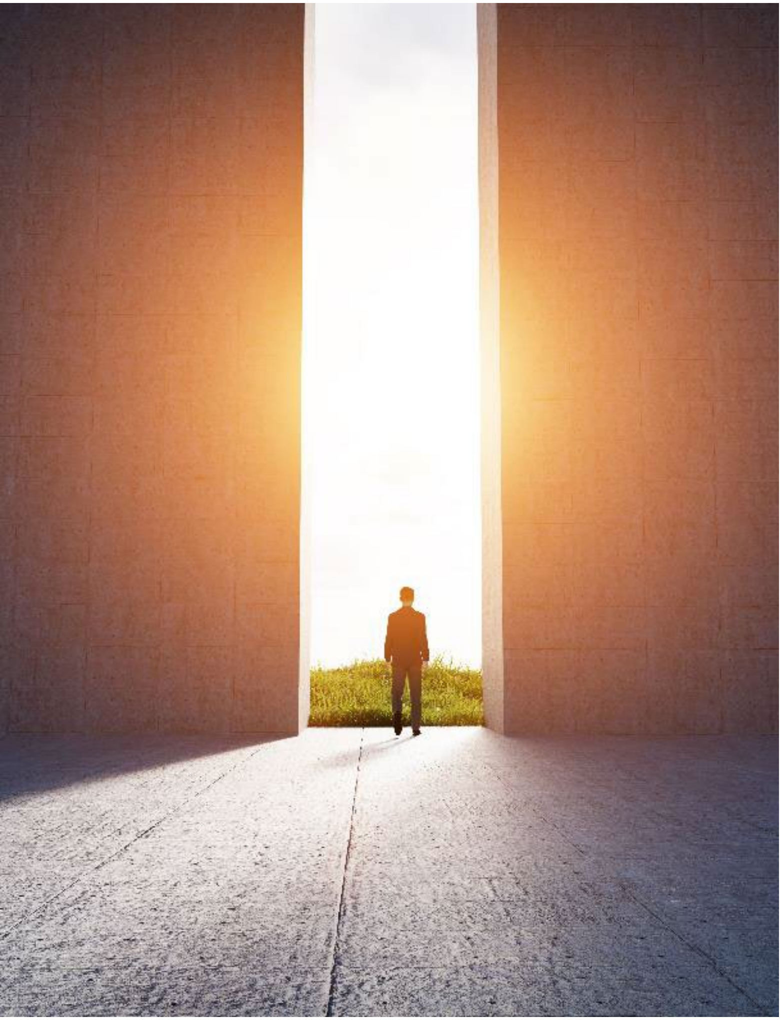
London-based NatWest uses **AI to link loans with ESG data**. New loans benefit from sophisticated mapping techniques, while AI helps address challenges with older loans by improving data accuracy. NatWest uses **machine learning** to **manage its loan portfolio** and **streamline ESG data processing**.[2]

Sources: 1. Irish Independent; 2. FinTech Global; Capgemini Research Institute for Financial Services analysis, 2024

Trend 10

Leveraging open finance

Open finance regulations clear a path for retail banks to develop a 360-degree customer footprint



Background

- The European Commission's **Financial Data Access regulation (FiDA)**, expected to be finalized in 2025, establishes a **legal framework governing** the **access and use of customer data** within the financial sector. The legislation aims to foster data-driven innovation across sectors of the EU economy, including finance.[1]
- In mid-2024, the US Consumer Financial Protection Bureau suggested new rules aiming to **allow consumers to easily move their financial information between different financial institutions**.[2]
- Research by MX Technologies in 2023 found that **89% of US consumers want to control access to their financial data**.[3]

Impact

- With **real-time access** to comprehensive financial data, open finance **allows banks to seamlessly integrate customer information into a single platform**, improving customer convenience.
- A 360-degree view of bank customers' finances gives firms opportunities to **cross sell**, offering **personalized savings and investment advice**.
- With access to comprehensive data sets, retail banks can **develop more nuanced risk profiles for borrowers**. This can lead to **better-informed lending decisions and potentially lower default rates**, as banks are able to identify reliable borrowers overlooked under traditional scoring models.

Sources: 1. Didomi; 2. CFPB; 3. MX; Capgemini Research Institute for Financial Services analysis, 2024

Trend 10

Leveraging open finance

Open finance regulations clear a path for retail banks to develop a 360-degree customer footprint

Figure 10: Open finance regulations can add value for retail banks

Affordability assessment	A more **detailed and insightful view of customers' finances** enables more accurate affordability decisions
Credit risk decisioning	**Combining banking and investment activity insights with bureau data** can improve credit-risk scorecard effectiveness
Income verification	Creditors will be able to gain **quick and accurate bank-evidenced verification of a consumer's salary** and other regular income
Collection management	**By improving and automating the way banks assess income and expenditure**, better customer outcomes will result
ID verification	Retail banks will be empowered to **perform anti-impersonation checks** and effectively **authenticate consumer identities**

Experian

Experian launched an open-banking solution to expand credit scoring methodologies in mid 2024. *Cashflow Attributes* **offers lenders insights from 1,000+ transaction-based attributes** generated from consumer checking, savings and credit card transaction data and factors such as income, expenses, wealth and debt for advanced consumer analysis, underwriting enhancements and account management processes.[1]

Citibank

In mid-2024, Citi Hong Kong added *Wealth 360*, a **digital wealth management feature to its mobile app**, as part of the Interbank Account Data Sharing (IADS) program initiated by the Hong Kong Monetary Authority. Wealth 360 gives Citi users real-time access to wealth management functions, including an overview of interbank accounts and personalized financial insights.[2]

Sources: 1. Experian; 2. Media Outreach Newswire; Capgemini Research Institute for Financial Services analysis, 2024

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GenAI for CX helps banks move from generic public LLMs that can be challenging to control and risky for data and privacy – to a tailored, trusted, and compliant solution. To help you deliver innovative CX faster and at scale, we leverage our *Digital Customer Experience Foundry* – a collaborative environment for ideation and innovation. Fostering collaboration among clients and partners, the Foundry is a global delivery incubation hub.

Intelligent Process Automation

Automation is a top 2025 priority as banks align operational efficiency with profitability. Capgemini's *Intelligent Process Automation* delivers self-service and end-to-end automation through automated, frictionless business processes and a digitally augmented workforce infused with robotic process automation (RPA), AI, and smart analytics. Let us help you connect your teams with data to drive success at scale while breaking down organizational silos around front-, middle-, and back-office processes.

Connected Marketing

Capgemini helps banks navigate the digital landscape with an end-to-end suite of services and capabilities driven by our *Connected Marketing* engine. Services fall into five areas: Brand & experience, content, data & technology, loyalty, and personalization. Delivering the right message or product at the right time helps drive brand loyalty. Using real-time customer data, banks can deliver personalized, relevant content and product offerings at scale.

Contact Center Transformation

If your organization relies on legacy infrastructure and faces team silos, scalability issues, and challenges with employee performance and satisfaction – then *Contact Center Transformation* can help you migrate to cloud and leverage artificial intelligence, GenAI, and machine learning modernization. By moving your on-premises contact center to cloud, your organization can improve scalability and bolster cost savings and agent productivity.

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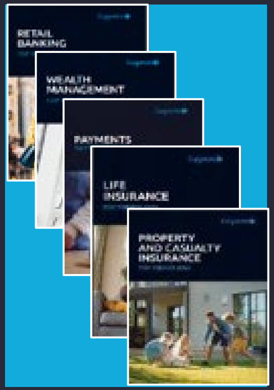

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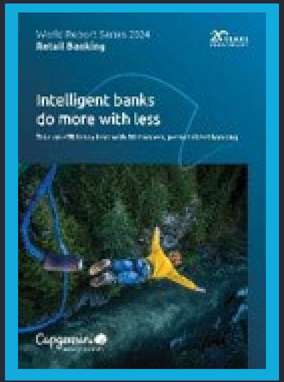

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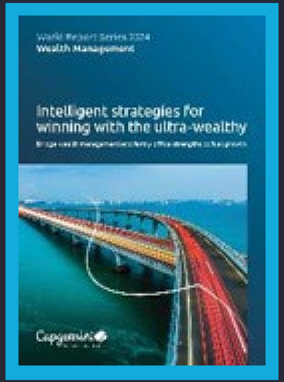

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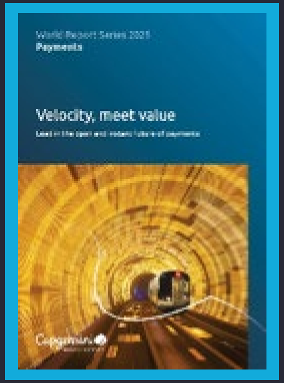

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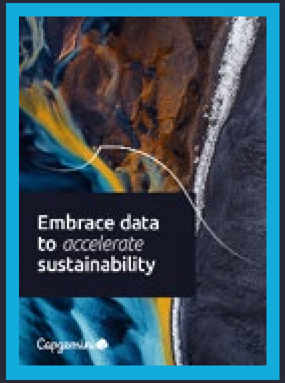

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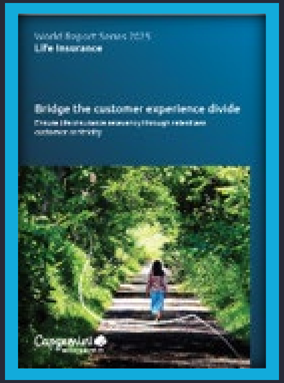

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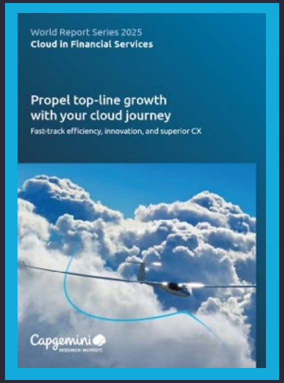

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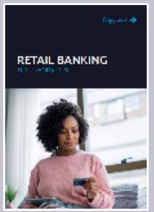

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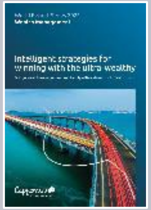

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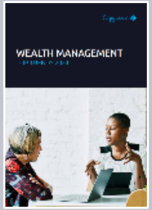

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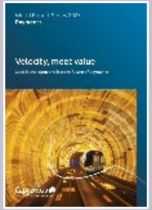

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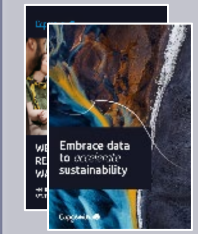

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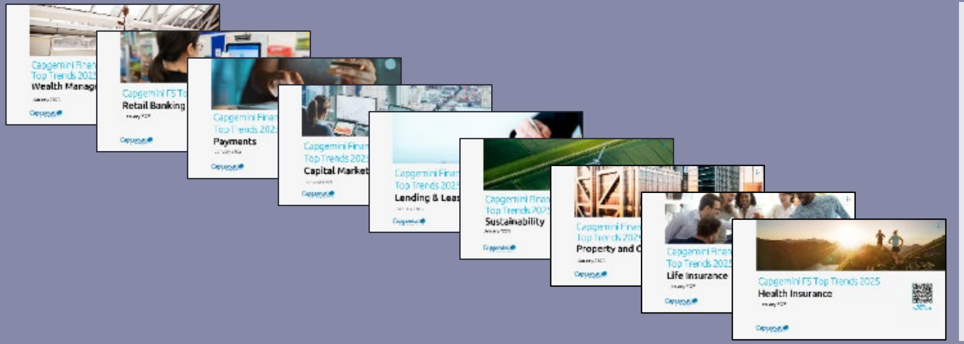

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