Banking: The future is back

Trends shaping the industry in 2025 and beyond

accenture

Preface

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Connect with Michael

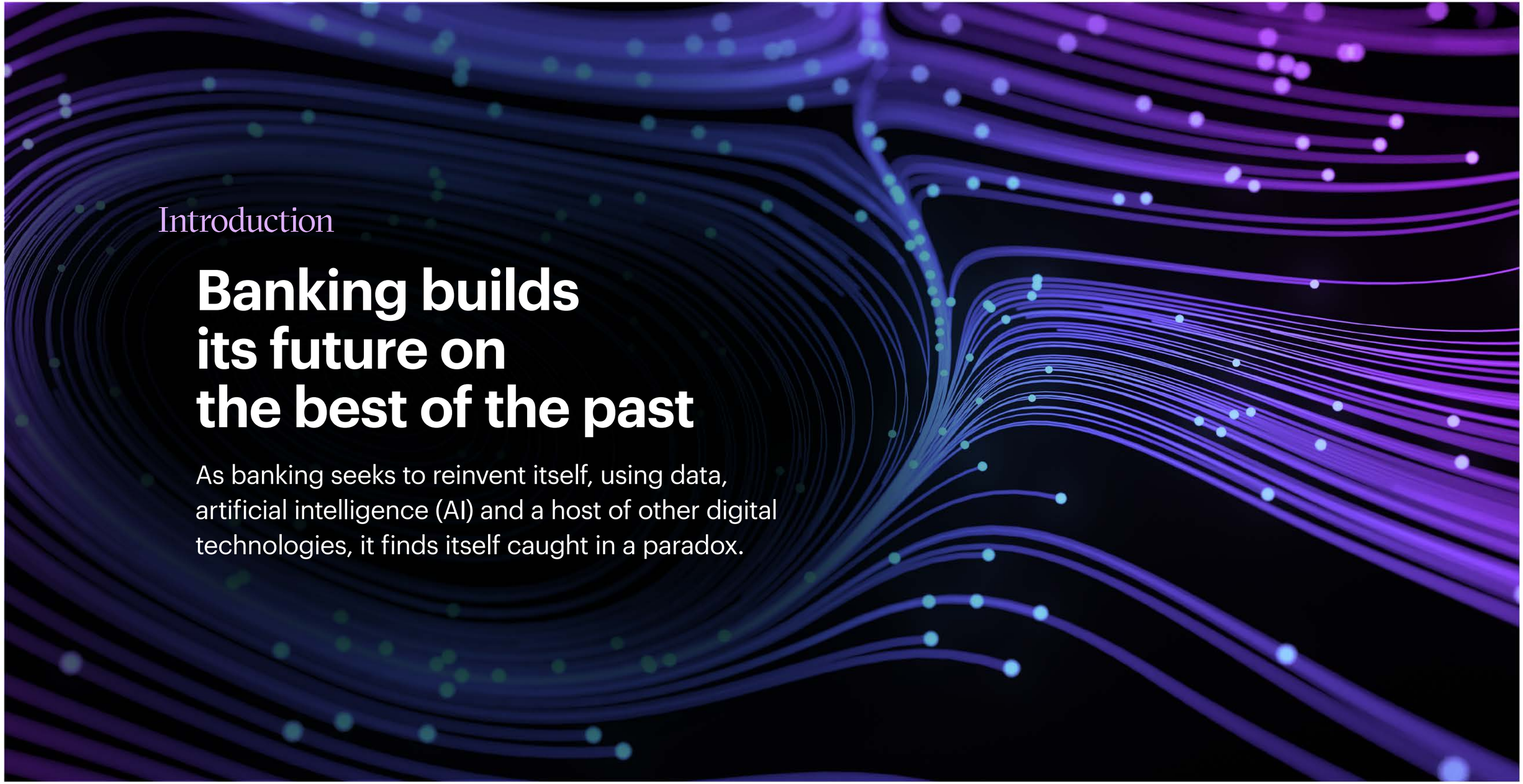
Since my earliest days, I've been a builder. Trained as a cabinet maker by my father, I've constructed everything from houses to boats to furniture—and I still build in my spare time. It's in my DNA, from my early days as a research scientist at IBM's Watson Labs to my role in growing GE Capital, and from founding Softcard (now Google Pay) to my current position leading Accenture's Global Banking and Capital Markets practice. I'm always looking for ways to make things better.

Part of this drive is to look at problems from a fresh perspective and challenge the status quo with questions like, "Why can't we do it?" and "How might this be different?" The future is obvious in hindsight, but it's far more exciting to envision it in the present.

As a banker, I'm convinced that we stand at a pivotal moment for banking, business, and society as a whole. Digital technology has transformed the way we bank, but it has also made the experience impersonal. Advances in AI, however, will inspire us to think more like we did in the past and bring a personal touch back to banking. Interacting with your bank should feel as natural and familiar as texting with your best friend. The wave of innovation that will sweep through banking over the next five years will be unlike anything we've seen before.

To envision this future, I traveled across the globe and met with nearly 100 banks in the past year. These conversations, the questions asked, and the cutting-edge practices of the best banks have shaped the trends discussed in this report. I believe that the future can be seen in the present, and that banking is a dynamic and powerful force for the good of society. This year's report is our humble contribution to exploring the potential to build the next generation of banking and reinvent the industry for the benefit of all.

It is, of course, a collective effort. This report is the culmination of insights shared by hundreds of clients worldwide and the collective wisdom of my leadership and research teams. I am deeply grateful for everyone's input and hope that it ignites a spirit of innovation and conversation within your organization.



Introduction

Banking builds its future on the best of the past

As banking seeks to reinvent itself, using data, artificial intelligence (AI) and a host of other digital technologies, it finds itself caught in a paradox.

The past 25 years of digitization transformed the industry, making banking easier, cheaper and more immediate. Customers, by and large, welcomed the changes. Yet, while most banks' mobile apps enjoy ratings[1] north of 4.5 out of 5, they have become less differentiated than ever. More than 40% of consumers find it hard to distinguish between financial services brands,[2] and 58% acquired at least one financial services product from a new provider "in the past 12 months".[3] Although customers still trust their bank to manage their deposits and transactions correctly, 46% feel pressured at times to buy products that benefit the bank more than themselves.[4]

While digitization made banking more sophisticated, it also stripped away the human touch, leaving customers feeling alienated. Few today meet with their bank manager, and when they do get to speak to a human being, it's often after enduring a frustrating navigation of the bank's digital telephonic maze. Most of those who use the bank's chatbot find it quick and responsive but infuriatingly limited. Customers' nostalgia for the best of old-fashioned banking is revealed by research showing that two-thirds still want a branch in their neighborhood,[5] even if they seldom visit it.

If the past quarter-century was the Digital Age for banking, the next will be the Age of AI. There will be no let-up in the far-reaching changes to how banking is done. But even as banks continue to transform, the fundamentals of banking will remain the same. The bedrock of the industry is and will always be trust and security, and customers will still want to be heard and understood by their bank.

AI will resolve the paradox. While digital made banking efficient but remote, AI will restore the sense that customers are recognized and understood. Instead of being funneled down one of a few standard "journeys", they will again be treated as individuals with unique needs, aspirations and intents. When they reach out to their bank, regardless of the channel, it will feel like continuing a conversation—as if their best friend were their banker.

Banks will benefit greatly by going back to the future. New technology will not only allow them to understand individual customers better; it will also enable them to deliver personalized advice and experiences, and tailor offerings to their specific needs. As banks move closer to their traditional role as financial consultants rather than just commoditized transaction enablers, the bond between them and their customers will strengthen and deepen—to the benefit of all.

It all starts and ends with the vision. We believe it's important that banks confront the paradox: acknowledge that digitization has deprived customers of a personal, empathetic relationship with their bank, and explore the potential of AI and other technology to help restore it.

As this report explains, this will involve effort on multiple fronts. It will require a change in mindset: a shift from focusing on “why we can’t do this” to “how might we do this?” This shift is necessary if banks are to rebuild and reinvent their special relationship with their customers. If that means looking to the past to build the bank of the future, that’s an approach we can buy into.

In previous years, this report has focused on the 10 trends most likely to shape the industry over the next 12 months. This year, owing to the accelerating pace of change, we have opted to look further ahead—to the bank of 2030—and at the actions banks should consider to blend the potential of today’s capabilities with the best of the past.

Our Top 10 Banking Trends

Trend 1
Technology enables banking for all

Trend 2
Regulators’ quest to eliminate risk is creating new risk

Trend 3
Scale matters more than ever

Trend 4
Customer experiences go back to the future

Trend 5
Product strategy: From siloed to inseparably connected

Trend 6
A different way of working

Trend 7
A shift from ‘waste out’ to ‘value in’

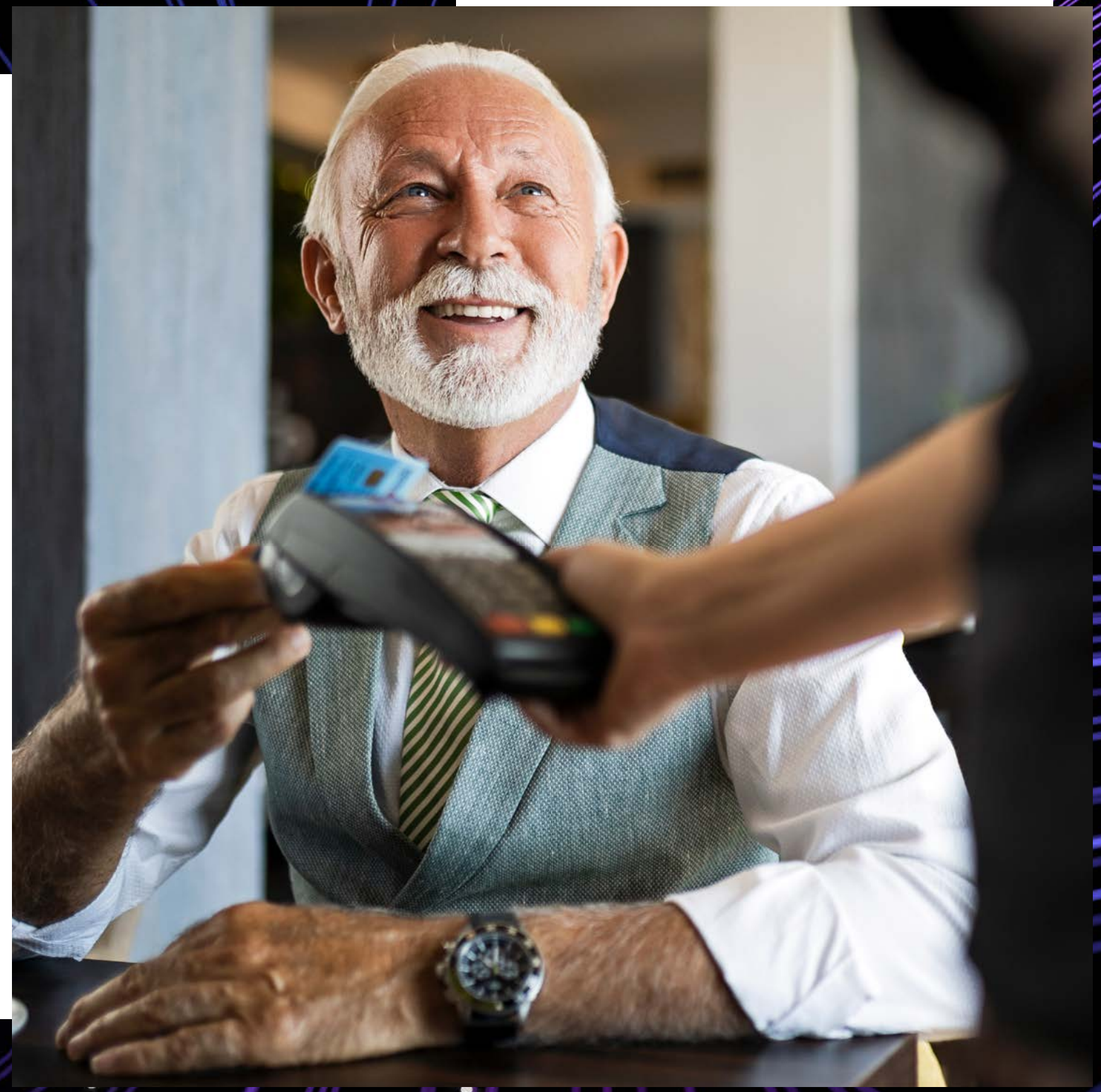
Trend 8
The future is open source

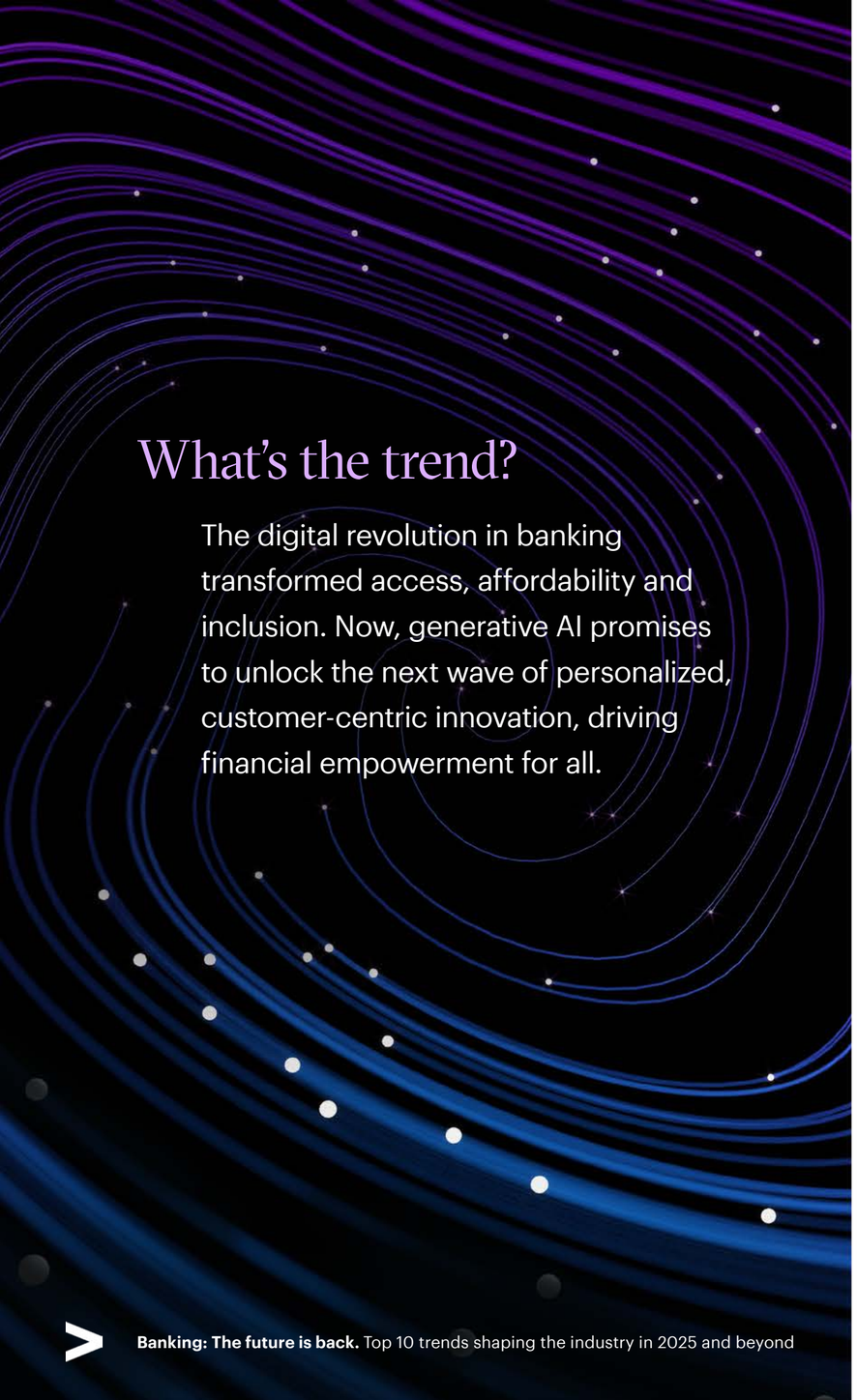
Trend 9
Traditional coding fades into the past

Trend 10
Platform providers face the innovator’s dilemma

Trend 1

Technology enables banking for all





What's the trend?

The digital revolution in banking transformed access, affordability and inclusion. Now, generative AI promises to unlock the next wave of personalized, customer-centric innovation, driving financial empowerment for all.

Digitization had a profound impact on the economics of banking. By making interactions more efficient, it improved banks' cost structures while also making their services affordable to large numbers of underserved customers. And by leap-frogging obstacles such as the distance to the nearest branch and inconvenient opening times, it allowed anyone with a smartphone to access services anytime. It's no surprise the World Bank reported that, between 2011 and 2021, the percentage of adults with a bank account at a financial institution or through a mobile money provider grew from 51% to 76%[6] —an increase of more than 1.6 billion customers.[7] It attributes this shift to mobile money, digital cards, electronic wallets, peer-to-peer payments and other digital financial services.

Banks and other digitized organizations, such as those in the payments, telecoms and retail industries, were able to develop innovative means for the underbanked to access an array of financial services. The removal of age-old barriers meant a lot to individual and small-business customers. It also reinforced the shift in banks' mindset from "why I can't" to "how can I serve these segments?" Instead of targeting only the affluent, they are now seeing the long-term value of including the under-served and the "businesses of one".

Generative AI, and the broader use of data and cloud, are likely to show how efficient and competitive the industry is. Building on the foundation of digitization, these technologies will enable banks to further reduce their costs and make their products more innovative, diverse, relevant and accessible. Many small businesses accessed financial services for the first time thanks to digital, but then found that most banks' generic services failed to meet their unique needs. Generative AI will enable banks to efficiently tailor offerings and experiences to even the smallest customer. Big businesses all start small. Banks that fail to recognize this are likely to find, five years from now, that their market share has been eroded by competitors that understand the benefit of thinking small.

By 2030, we expect that everyone who wants access to a bank will have it. Customers will have a better chance of securing credit and the unique products they need. Automation and data analytics will make it easier for banks to monitor the progress of each customer, offering advice or interventions whenever circumstances dictate. Banks will become not just lenders but valued partners and mentors, helping their customers mature, expand and flourish. The potential for organic growth will boom, resulting in huge social and economic benefit where it's needed most.

> Nubank has more than 100 million customers in Latin America, many of whom were formerly underserved.[8] Based on its 2023 financial results, we calculated its average operating cost per customer to be below US$2 per month.[9]

What do we expect by 2030?

The widespread adoption of digital technologies and AI will make banking universally accessible, delivering inclusive, personalized and proactive services that empower and uplift individuals and businesses across the globe.

We recommend:

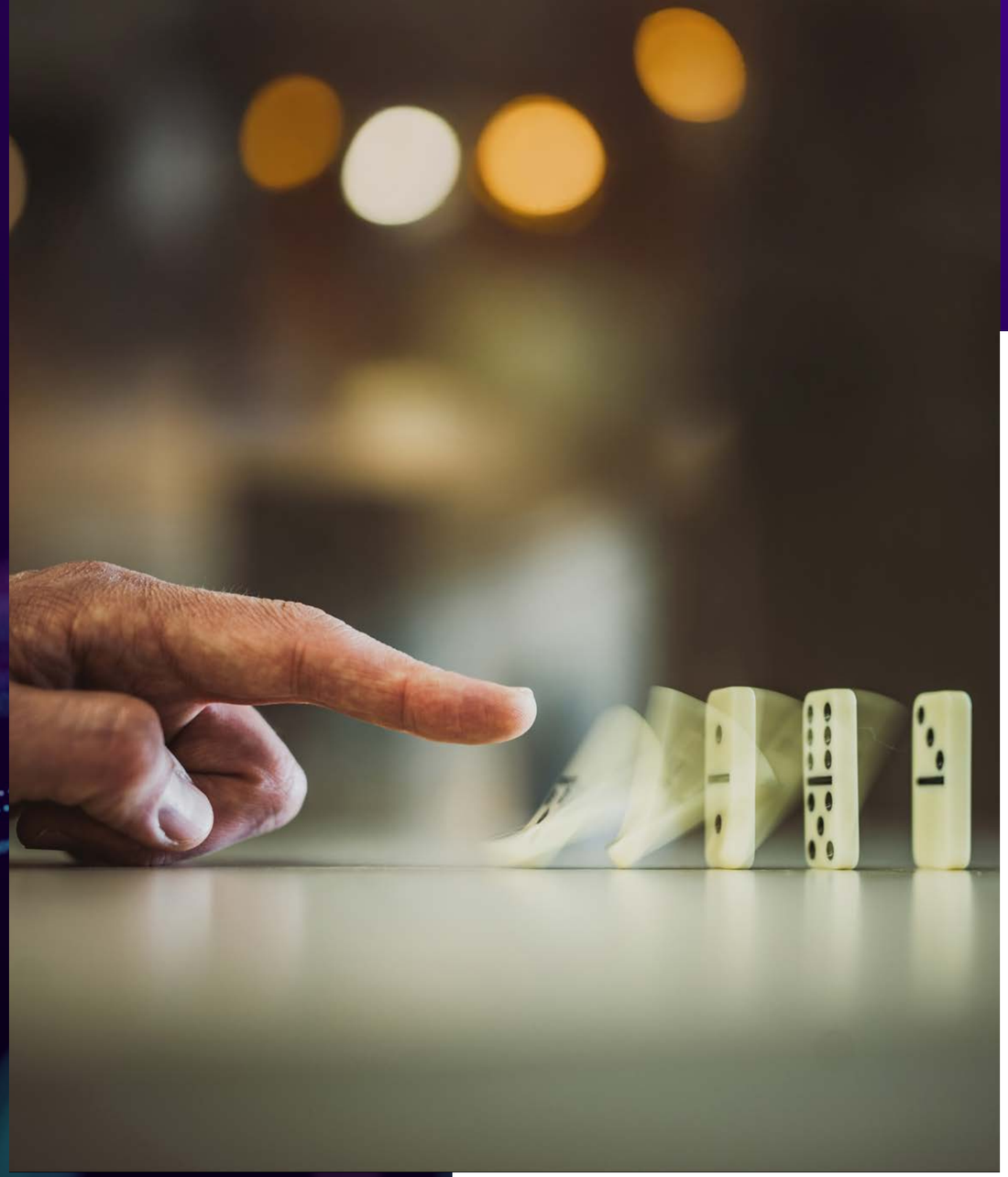
- Shift your mindset. Instead of dismissing small or challenging segments, ask “how could we help them?” Square was founded in 2009 to enable small businesses to accept card payments, addressing a market that many banks deemed unprofitable at that time. In FY23 it processed 4 billion transactions for more than 4 million businesses. It has created a cohesive ecosystem of integrated software, hardware and financial services.[10]

- Leverage advances in generative AI to become your customer’s best advocate and make interactions more relevant, accessible and efficient for all, large and small. Cleo, a generative-AI-powered money management tool, achieved $150 million in annual recurring revenue last year by helping its 7 million customers develop better financial habits.[11]

- If you can’t, ask who can. Consider partnering with non-banking companies such as retailers, telecoms and even big tech to embed banking in their offerings to serve new segments. For example, Standard Chartered has partnered with the Indonesian e-commerce platform Bukalapak to launch BukaTabungan, a digital banking platform designed to serve over 110 million users and 20 million business owners within Bukalapak’s ecosystem, including those in the underbanked segment. The cost of acquiring clients to this platform is only 1% of the equivalent cost incurred by conventional branches.[12]

Trend 2

Regulators' quest to eliminate risk is creating new risk



What's the trend?

Regulatory pressure is pushing borrowers toward the non-bank sector for their mortgages and commercial credit. Banks of the future will depend on bold strategies, innovative partnerships and technology-driven solutions to stay competitive and relevant in a transforming financial ecosystem.

The structure of the banking industry is changing as the role of non-traditional financial players expands. Initially, this took two forms: the proliferation of fintechs offering mostly niche services, and the surge of lending by non-banks.

The impact of fintechs was blunted when rising interest rates caused their funding to diminish. As the pace of new launches slowed, only the few profitable start-ups have been able to continue their aggressive competitive inroads.

As for non-banks, their share of the traditional financial market has grown significantly. Intensified regulation, intended to reduce risk in the formal banking sector, has had the perverse effect of pushing financial assets outside of it. As we showed in last year's report,[13] non-banks such as insurers, pension funds and PE funds have, since the 2008 financial crisis, increased their share of loans, bonds and stocks—at the expense of banks. By 2022 they managed 54% of the global total.

Within this broad trend toward "shadow banking", the growth of a few specific categories—such as private credit—is striking. According to IMF estimates, assets under the management of private credit funds have grown at an average of almost 20% a year over the past two decades (Figure 1). The biggest of these companies, Apollo Global Management, now manages almost $600 billion in private credit,[14] having expanded by more than $170 billion since 2022; it aims to more than double it by 2029.[15]

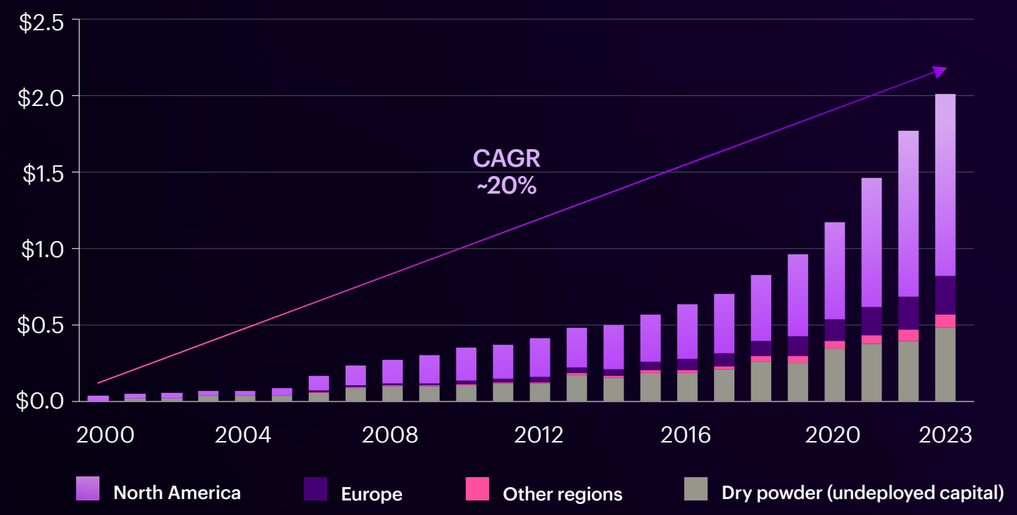
If Apollo were a bank, it would be one of the top 10 in the US. JPMorgan Chase's Jamie Dimon, when commenting on potential new capital requirements for banks in 2023, said: "This is great news for hedge funds, private equity, private credit, Apollo, Blackstone. They're dancing in the streets."[16]

Nor is it only private credit players that have benefited. Non-bank mortgage originators, such as Rocket Mortgage, have increased their share of originations in the US from 12% to 69% since the Global Financial Crisis.[17]

Figure 1

Growth in global private credit AUM.

Private credit providers'* assets under management, $ trillions.



* Includes assets of private credit funds, business development companies and private collateralized loans. Excludes direct loans from end investors to middle-market firms. Source: Accenture Research analysis based on IMF, Global Financial Stability Report: The Last Mile: Financial Vulnerabilities and Risks, April 2024.

Registered banks have responded by simultaneously competing and cooperating with non-banks. Many banks lend to non-banks, which then use the borrowed money (in combination with investor funds) to compete with the banks as corporate financiers. Others, such as Citibank, are formally partnering with them.[18] This, together with the large number (~75%) of the world's biggest banks that lend mainly to commercial clients,[19] increases the volatility of incumbents' finances—just what regulators are seeking to prevent. The growing role of non-banks is particularly notable in the US, but their quest for new assets is resulting in a greater presence in Europe and Asia too.

If this trend continues and does spread beyond the US, it could consign banks to a narrower purpose. Banks will, over the next five years, need to consider the vulnerability of the moats (as Warren Buffett calls them) around their business lines. Those businesses with strong regulatory oversight and requiring complex capabilities will have the most effective moats. Business lines like commercial transaction banking, consumer deposits and unsecured lending at scale, and wealth management are likely to be at lowest risk of disruption. On the other hand, business lines where transactions have high notional value, are episodic, have capital market demand and are viewed as risky by regulators will be at greater risk. These are likely to include commercial lending (such as commercial real estate, structured lending and large C&I loans), consumer mortgages and, potentially, auto finance.

While regulation has opened doors for many of banks' most aggressive competitors, it has also helped create new growth opportunities for incumbents. Sustainable lending, which is encouraged by the US's Inflation Reduction Act (also known as the US Green New Deal), various EU incentives and other government initiatives, offers significant potential for banks that are able to develop the necessary expertise.

As disruption continues to exert different kinds of pressure on different parts of the industry, banks need to have a clear view of where their profit pools are and how they are changing. Emerging technologies and shifting competitive forces are changing the dynamics of banking, and strategies will have to be adapted to keep pace.

> Citigroup announced a $25 billion private credit partnership with Apollo Global Management in September 2024. Initially focused on North America, the partnership has the potential to expand into other regions. Under this arrangement, Apollo will provide funding for some of Citigroup's commercial clients.[20]

What do we expect by 2030?

The largest banks may not be banks. Non-traditional players will have reshaped the financial landscape, pushing traditional banks to innovate, collaborate and adapt through advanced technologies and strategic partnerships to remain competitive.

We recommend:

- Evaluate whether to compete or collaborate with private credit in the commercial banking sector. Strategically decide which loan products to retain on-balance-sheet with full risk, where to offload risk through synthetic risk transfer, and which to partner on by connecting clients, as an intermediary, with private-credit funds.
- Explore the opportunity to lend to private-credit funds or provide them with fund services like custody, capitalizing on the potential to serve private-credit operators as clients of your bank's corporate units.
- Leverage your wealth management unit to offer high-net-worth clients access to selected private-credit funds, or consider launching your own private-credit funds if your bank has an asset management arm.
- Prioritize heavy investment in banking-centric capabilities—such as transaction banking and large-value payment services—that are vital to the system and will remain under the control of banks, safeguarding your competitive edge.

Trend 3

Scale matters more than ever

What's the trend?

As the gap between the biggest banks and their smaller rivals widens, scale is becoming the ultimate competitive edge in banking. It empowers institutions to achieve superior efficiency, harness diverse funding, and capitalize on emerging technologies to dominate markets and sustain profitability.

When Morgan Stanley announced its third-quarter results in October last year, which included a 13% increase in trading revenue and a 32% surge in profits, CEO Ted Pick, noting that the bank's biggest rivals had also recorded impressive gains, said: "There is an element of the leaders pulling away from the pack."[21]

Scale continues to be a formidable advantage in banking. Our analysis of the world's 100 largest banks by assets reveals that, in most countries, the largest bank also has the highest price-to-book-value ratio.[22]

It goes without saying that large, global banks have stronger brands, making it easier to attract customers, scarce talent and business partners. When it comes to markets, scale makes a big difference. Large banks typically have access to more diversified funding sources, including substantial deposits from institutional clients and "free" money in retail checking accounts—deposits that are "stickier" than most. Large banks also enjoy lower interest rates on bonds and more credibility in global capital markets. They are often "too big to fail", which lowers their perceived credit risk. All of these factors reduce their funding costs. Bigger banks have the capacity to handle larger, more complex transactions which generate higher fees and commissions. They are also better equipped to diversify their product portfolios and pursue niche markets without fearing that these markets will be unsustainably small.

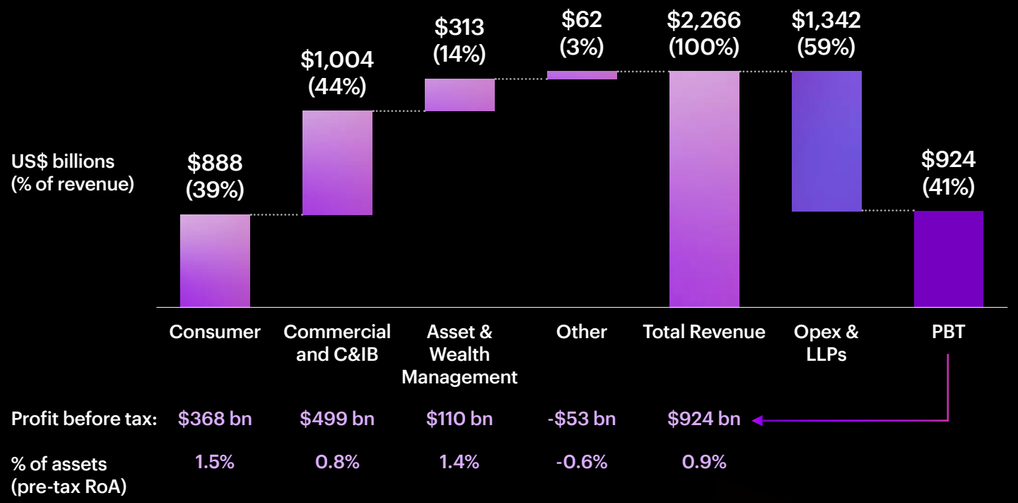
Economies of scale play a major role in the operating model, where investments often incur fixed or semi-fixed costs—the bigger the user- or customer-base, the lower the unit cost. Capital-rich banks are better able to take advantage of emerging technologies, and as generative AI looks set to transform most of the tasks in the average bank, the ability to sustain this investment could prove decisive.

This is not to say that bigger is always better. In their pursuit of economies of scale prior to the Global Financial Crisis, some banks convinced themselves they could be all things to all customers. Their attempt to expand operations across most parts of the globe resulted in massive organizations that were difficult to manage and often featured sub-scale operations in certain segments and countries. Over the past 10-15 years, many of these banks have changed their strategy to combat what came to be known as "diseconomies of scope" by divesting non-core assets or subsidiaries.

Figure 2

Across the world's 100 largest banks, the retail segment generates less revenue than the commercial segment but is more profitable.

Top 100 banks by assets as of 2023: revenue, profit and return on assets (RoA) analysis by business line, FY2023.



Source: Accenture Research analysis of FY2023 financial data from the world's 100 largest banks by total assets.

Deciding which segments to compete in can make a big difference. Commercial banking has the greatest revenue pool, but consumer banking and wealth management are where the returns are (Figure 2). In retail, it is the brand and the ability to scale technology for local, national and international deposits and payments that make the greatest difference. In commercial banking, it is relationships, the size of the deal and access to low-cost capital.

In retail banking, scale matters—and will continue to drive mergers in the US. In Europe, we anticipate a further push to scale with in-country mergers as well as cross-country mergers that will test the sovereign deposit insurance challenge. In the Asia-Pacific market, the strategy for scaled regional players will be one of planting flags. In commercial, owning transaction banking will become the key as regulators and capital markets drive lending off-balance-sheet. Ultimately, the segments that banks decide to pursue and grow over the next five years will make the greatest difference to their long-term value and equity valuations.

> Although JPMorgan Chase is renowned for its commercial and investment banking, over the past eight quarters its consumer and community banking unit has achieved an average return on equity that is more than twice as high.[23]

What do we expect by 2030?

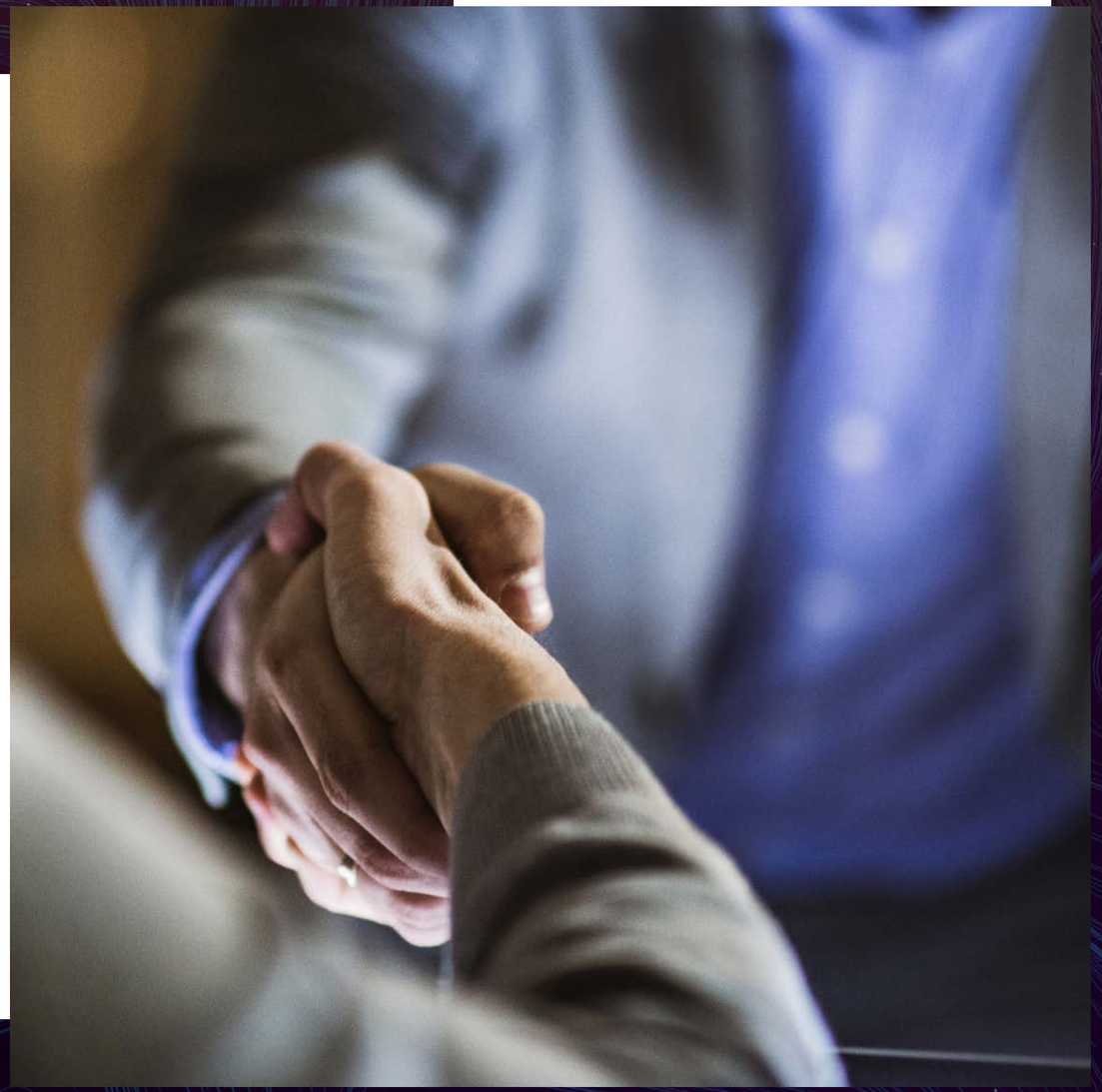
Scale will define the winners in banking, with the largest institutions leveraging unmatched efficiencies, technological innovation and global reach to outpace competitors and reshape the financial landscape.

We recommend:

- Agree on the segments and businesses you want to dominate and focus on gaining scale in each.
  - For strategic segments, rotate and shift your investment funding; in key markets, consider M&A to drive scale and build one scaled brand. JP Morgan's entry into the UK market under the Chase brand is a good example.
  - For sub-scale franchises, consider divesting or partnering with local scaled players.
- Evaluate and optimize your asset/liability mix to align with the segments you serve. For example, if you are long on consumer deposits, seek opportunities in consumer lending.

Trend 4

Customer experiences go back to the future



What's the trend?

Generative AI has started to revolutionize banking by creating deeply personalized, proactive and emotionally engaging experiences that not only enhance customer convenience but also drive loyalty, retention and growth.

We've long maintained that digitization, while significantly increasing convenience for customers and efficiency for banks, has made banking remote, impersonal and generic. Differentiation and trust have declined in a sea of sameness, and customer inertia has become the main bulwark against attrition.

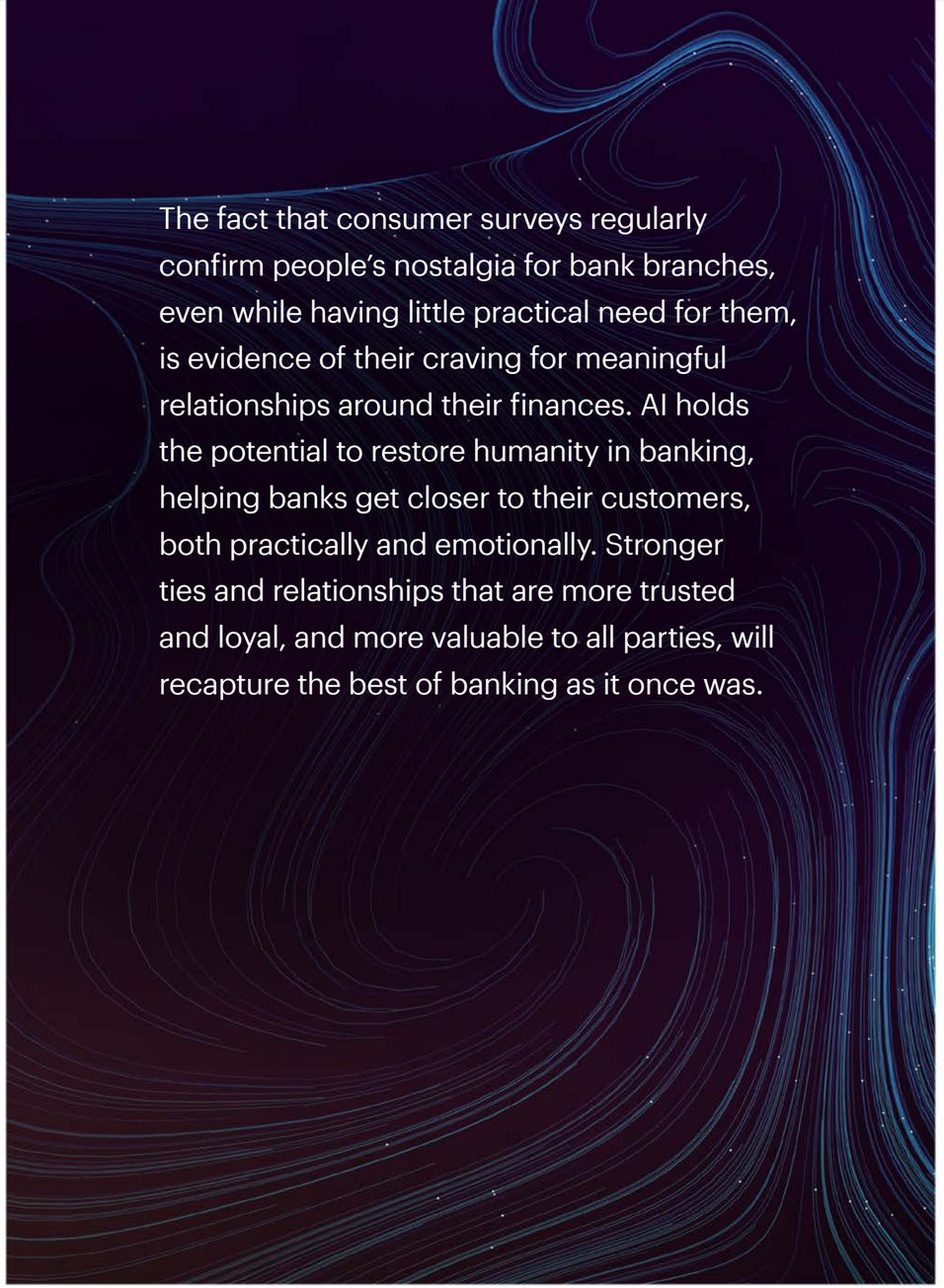
Generative AI will take the banking experience back to the future—to a time when customers were recognized and treated as individuals, and conversations with their bank were the norm. Banks' interactions with customers will be tailored and to the point—no more choosing from a list of telephonic options, waiting for an agent to become available and then being transferred, repeating personal details over and again, and then still struggling to get the required information. And no more futile interactions with today's breed of chatbots, which are rated by customers as the least satisfying of all current bank engagement channels: 29% are "very satisfied" with them, compared to 60% for mobile apps, 50% for branches and 42% for telephone calls.[24]

In the future, the bulk of the bank's interactions with its customers will be handled by AI-powered agents. As these semi-autonomous task-specific software programs work their way into every interaction and channel, we envision a future dramatically different from today, yet more like the past:

- Most of banks' website pages will be relegated to the dustbin of history, and each "journey" will be replaced with a simple conversational interface. Some banks are already testing AI avatars that can process loan applications for customers in a context that feels like being on a Zoom call.
- Human contact center agents will have far fewer calls to deal with, they will be vastly more capable—everything about the customer and the bank's products and policies at their fingertips—and they will specialize in complex enquiries. The technology will elevate the capabilities of even the least experienced and talented agents to levels approaching those of the most proficient agents.
- Banks' mobile experiences will morph into apps that change dynamically as customers' needs change, and that feel more like texting with your bank-manager friend who always remembers where you left off.
- Relationship managers will use AI agents to guide conversations in real time and, like Google Maps, will let them know when the path ahead is clear or full of obstacles. The future will be human + machine, not just AI alone.
- Branches may change more than other channels. AI agents will help branch managers and associates solve complex problems in record time, freeing them to spend more time assisting customers in the management of their financial future.

> Nordic neobank Lunar has launched its GenAI Native Voice Assistant based on OpenAI's GPT-4o model. Its goal is to handle 75% of customer calls.[25]

> Our latest Banking Consumer Study revealed that 72% of customers believe an appealing and personalized range of products and services is a key factor when selecting a bank.



What do we expect by 2030?

Banks will have fully transformed their operations with generative AI and advanced data analytics, creating a seamlessly integrated, hyper-personalized banking experience that anticipates customer needs, replaces outdated websites and contact centers with efficient AI-driven interactions, and strengthens long-term relationships. AI will put the human touch into digital and enhance customer satisfaction, loyalty and growth.

We recommend:

- Prioritize focus by stepping back and reassessing your experience roadmap to decide which initiatives to discontinue, and then strategically align your plans with the transformative potential of generative AI. Reimagine your customer's experience by identifying and enhancing current services with AI-driven solutions to ensure more efficient and personalized interactions, thereby maintaining long-term value and market competitiveness.

- Start to experiment with emerging generative AI technologies—even if behind closed doors—to understand the art of the possible in areas such as the customer experience and to educate your teams. According to our latest Banking Consumer Study, 62% would be willing to use an "intelligent agent" as their personal financial assistant—so there is opportunity to use generative AI in more front-office functions.

- Invest in data organized around the customer. Create a digital memory or footprint of every customer and use that data to fuel AI capabilities and drive connected experiences across all channels. Ask yourself questions like "how can I create a digital twin of the very best branch manager?"

- Consider creating the role of chief experience officer (CXO): a leader responsible for connecting customer experiences across channels and products. Citizens Financial Group is one example where a CXO "leads an organization focused on building the capabilities to deliver excellent experiences for customers".[26]

Trend 5

Product strategy: From siloed to inseparably connected

What's the trend?

The future of banking is being redefined as generative AI and data enable a shift from product-centric to customer-centric models. Banks are unlocking a new era of personalized financial experiences, tailoring products and services to meet the unique needs of each customer segment. The bank of one—where customers build their own suite of banking solutions—is now within reach.

As generative AI plays an ever-increasing role in banks' operating models, one of the most far-reaching effects will be the shift from product-centricity to customer-centricity. Efforts to maximize revenue and profit will focus less on different product groups and more on serving all the banking needs of individual customers. In many ways, customers are already building their suite of solutions, but to do so they are drawing from a wider circle of providers—our recent Banking Consumer Survey shows that 65% of customers use banking products other than those of their main bank.

Products will still be vital, but only to the extent that they satisfy customer needs, extend the relationship and generate profit. Within each bank, customer owners will become more important than today's product owners, and will focus on ensuring that offerings (combinations of products and pricing) are tailored to maximize their relevance, differentiation and value for each customer.

Shifting from a product- to a customer-centric approach will require banks to re-architect their data structures, streamline their data management, and create integrated risk engines. Organizing data around the customer will not only remove the cause of much customer frustration; it will also enable a host of new, innovative offerings inspired by a deeper understanding of the needs of each segment.

This could even drive changes to the business model by, for example, enabling banks to offer tailored financial advice to the mass affluent sector, small businesses, corporations … in fact, anyone. By thinking customer-first, banks could also democratize access to advice and offerings, something only the biggest corporations and wealthiest clients enjoy today.

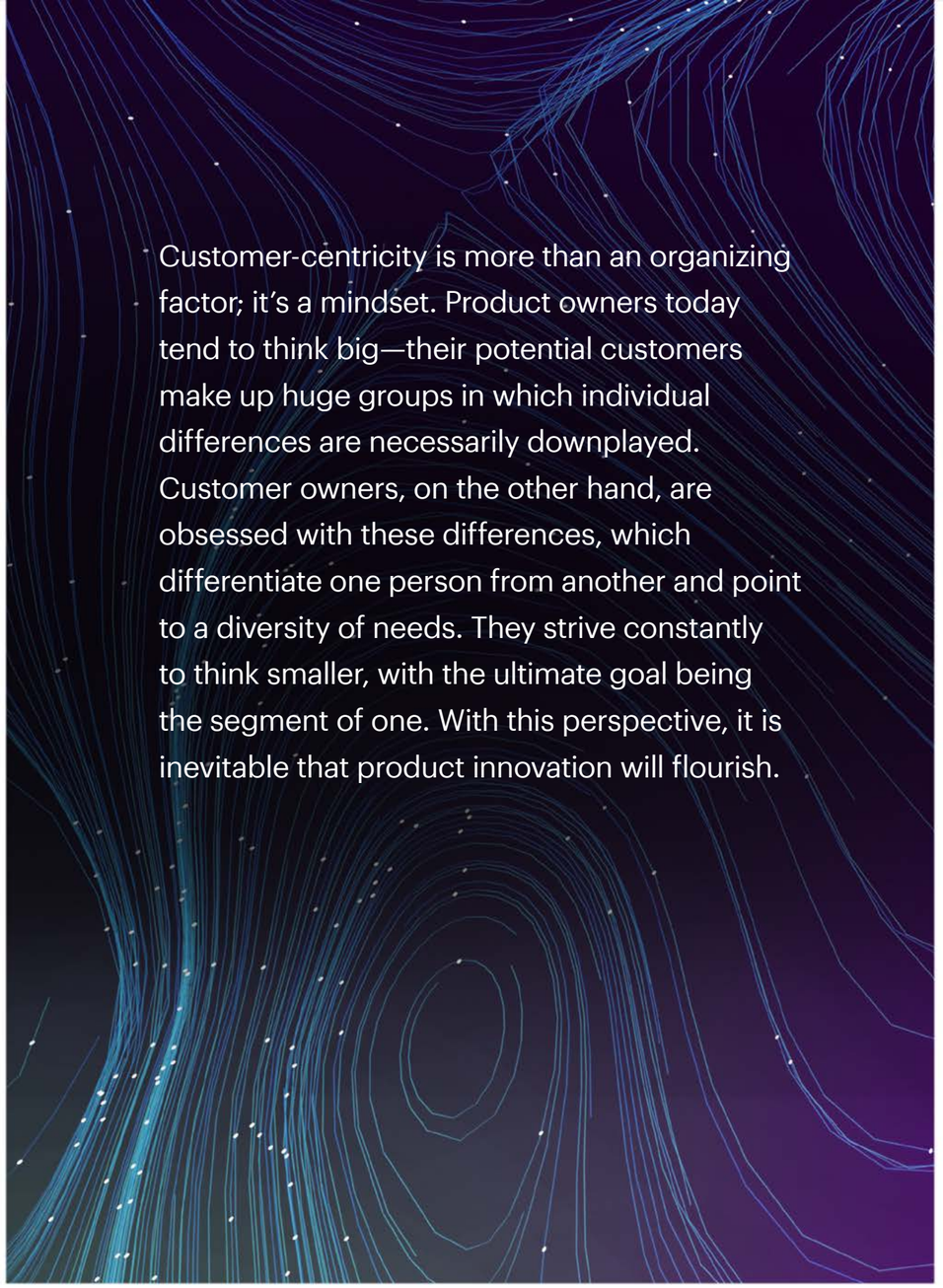
Banks could significantly enhance their customer offerings by enabling individuals to create personalized packages of products, moving beyond the traditional product catalog approach. Terms could be tailored to each customer, incentives provided for subscribing to multiple products, and pricing consolidated into a single recurring fee. Product bundling is not new to banking, but until now banks have based their profitability on the assumption that few customers will fully utilize the products included in these bundles. In the future, more banks are likely to follow the lead of some neobanks or tech players (e.g., Amazon with its Prime offering) by designing packages comprising the products customers actually want and actively use. This strategy could extend to carefully curated non-banking services, such as travel bookings, that align with and enhance core banking offerings by, for example, driving credit card usage.

The greatest opportunity may be small-business customers, which invariably complain that generic services are poorly suited to their particular needs. Often, small-business owners are forced to glue together the capabilities they need. Imagine a future where small-business services are integrated seamlessly and capabilities—such as acquiring, payroll services, accounting and tax integration—can be turned on and off simply by clicking a button on a mobile app.

All business owners are consumers too, who need banking products and often wealth advisory services. Removing the barrier between the two segments and thinking customer-first could unlock enormous potential for any bank.

Advances in technology are inspiring innovative banks to think in new ways about their role in customers' lives. If they are trusted to safeguard their customers' money, why not also their documents, passwords and other assets? By offering a universal digital wallet containing these and other valued items, banks could position themselves as the customer's digital alter ego, facilitating all sorts of interactions and experiences—either alone or in collaboration with an ecosystem of non-bank providers.

> Royal Bank of Canada offers the RBC Value Program, which provides customers with monthly fee rebates and/or Avion® points across a range of products. With this program, customers can earn Avion points, save on monthly fees with any eligible account, and gain access to exclusive rewards and personalized financial benefits designed to enhance their banking experience. Additionally, the more products customers subscribe to, the more rewards they can earn, maximizing their benefits and savings.[27]



What do we expect by 2030?

Banking will have switched from a product / channel mindset to one focused on highly personalized, customer-centric experiences driven by generative AI and data. Banks will leverage innovation to anticipate and address the needs of individual customers, enabling each customer to design their own financial portfolio with tailored products, dynamic pricing and customized advice.

We recommend:

- Analyze your existing customer base to identify gaps in share of wallet and to develop simple, integrated offerings that recognize the value of using multiple products. Examples include benefits for monthly deposits, offsets on fees and lending costs for deposits. Start by thinking simple.

- Focus on marketing and how you can change existing touchpoints to increase product uptake. Why can’t adding a credit card be as easy as turning a feature on and off on an iPhone?

- Consider adopting the approach used by some neobanks and non-financial-services players: offering a bundle of products and services for a single, transparent recurring fee. Allowing customers to tailor these bundles could ensure they receive products that truly meet their needs, fostering greater engagement and increasing customer touchpoints. However, it's important to exercise caution and avoid pricing these packages at the lowest possible rate merely to drive initial adoption, as this could undermine the potential for a sustainable and profitable business model. Revolut, for example, successfully leverages subscription models; in FY23, nearly 14% of its £1.8 billion revenues came from subscription fees. It offers free basic accounts along with four paid tiers for retail clients and three for business customers.[28]

- Look to own payments—where the money flows and the profits follow. By placing your brand at the center of transactions, you also secure the deposits. Take a cue from HSBC, which introduced the PayMe digital wallet in Hong Kong in 2017. Today, it boasts 3 million users, accounting for approximately 40% of Hong Kong’s population.[29]

Trend 6

A different way of working

What's the trend?

Generative AI is set to revolutionize banking by transforming routine tasks, enhancing customer experiences and reshaping roles, much like spreadsheets did for business management. It is ushering in a new era of continuous change, human-AI collaboration and a profound shift in banking's workforce dynamics.

When VisiCalc was launched in 1979 as the first electronic spreadsheet for personal computers, it was an instant hit. Together with its successors, Lotus 1-2-3 and Excel, it transformed the way people managed their and their businesses' finances, plans and projects. Today, working without spreadsheets would be unthinkable.

Generative AI is on course to playing as dominant a role in people's work and private lives—if not more so. When banks first started to explore potential use cases for the technology, they quickly discovered the problem was not identifying but rather prioritizing them: everywhere they looked it offered better ways of doing work. As the cost of using the technology continues to plummet (Figure 4), there is little doubt today that it will dramatically change how banking is done, automating most if not all routine tasks and helping virtually everyone in the organization work more productively, accurately and effectively.

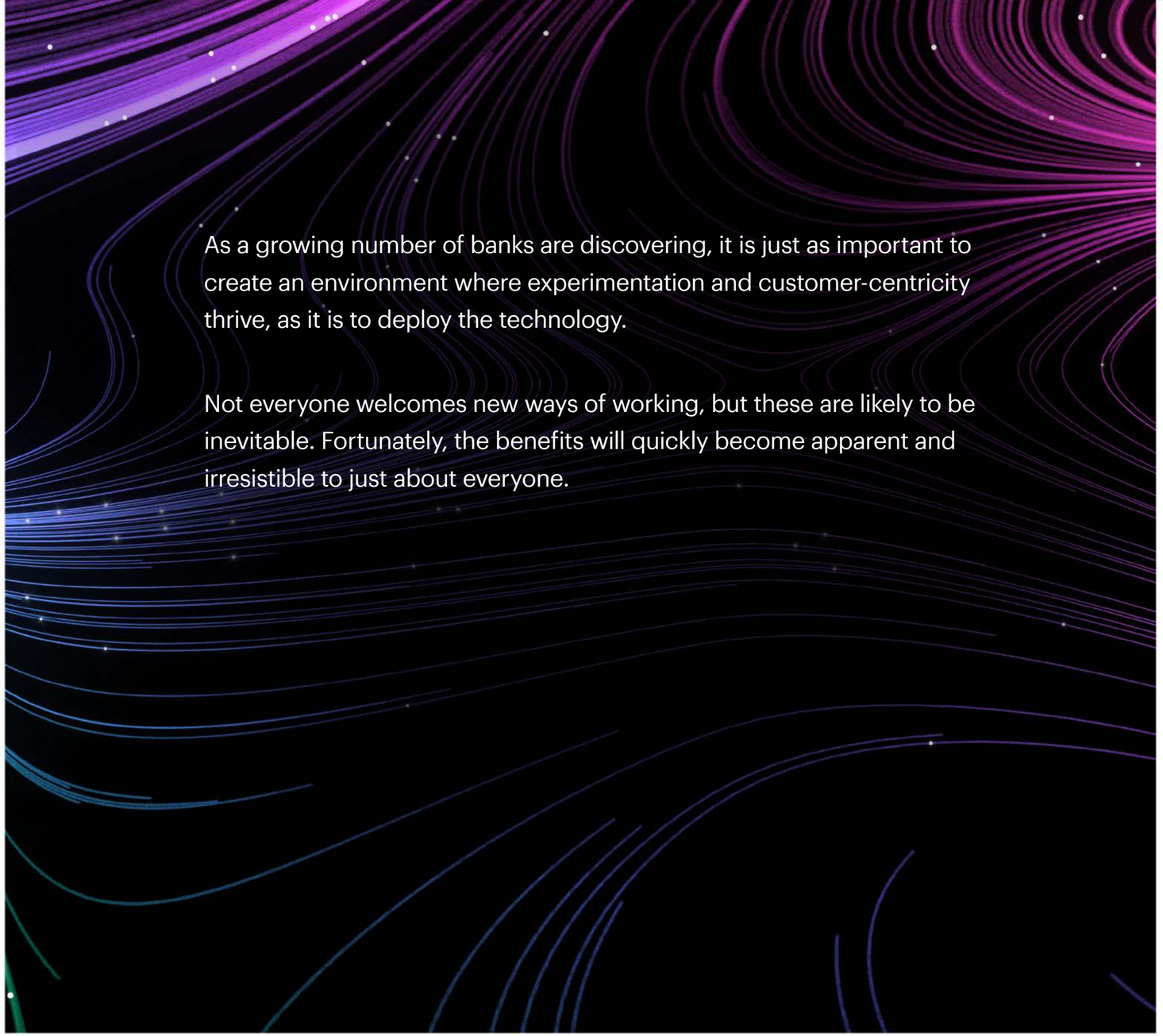
But like the spreadsheet, it can only do so much on its own. Soon after its launch, it became obvious that generative AI would only become a force for reinvention when deployed in close conjunction with people. This requires strong, visionary leadership, a change in mindset and culture, the reconfiguration of many traditional roles, and the development of new skills.

Generative AI is not only becoming cheaper; it is rapidly becoming more powerful and versatile. This means the organizations that use it will change at a similar pace and scale. Banks will need to become a lot more comfortable with continuous change. They will also need to become more customer-centric, because much of the technology's potential lies in enhanced offerings and experiences. And as most of the repetitive administrative functions are removed from people's roles, and as AI becomes their indispensable tool, so the nature of work in the average bank will change. Bank employees will spend more time using their essentially human skills: judgement, creativity, empathy and relationship-building. The demographics of the bank will change, and along with it, its personality.

So too will the balance of skills that are needed. It goes without saying banks will need to compete with all other organizations to acquire the skills to develop and implement generative AI. They will also need to encourage their people to embrace the innovation, and train them to use it efficiently. The benefits extend beyond the obvious; the relatively obscure Wright's Law states that the impact of a new process or technology will increase fairly constantly as users become more reliant on and proficient with it.[30]

Leaders have an oversized role to play in this transition. They not only need to ensure that the technology is trained and deployed to perform responsibly—guarding against bias and breaches of privacy and ethics. They must also create a clear and compelling vision of the bank of the future, develop workforce strategies that recognize the crucial role of human + machine, plan for a successful transition, and build a culture that embraces collaboration, innovation and continuous change. And they need to drive adoption beyond proofs of concept to scaling the technology for value.

> JPMorgan Chase recently gave more than 200,000 of its employees access to LLM Suite, its internal platform of generative AI tools. It aims to give every employee their own AI assistant, tailored to their specific job responsibilities.[31]



What do we expect by 2030?

Generative AI will be fully integrated into every aspect of banking, automating routine tasks and fostering seamless collaboration between AI and human employees. To make this happen, the banking workforce must evolve—every employee will need to learn new ways of working with AI. Culture will be critical—banks that create an environment of curiosity tempered with execution will win with their employees, customers and partners.

We recommend:

- Invest in your employees and enable them to learn and grow by integrating generative AI into their roles. Set clear guiderails for safe experimentation and learning. By as early as May 2024, Klarna had nearly 90% of its employees using generative AI on a daily basis. Its leaders set the example, with CEO Sebastian Siemiatkowski saying “We push everyone to test, test, test and explore."[32]

- Foster a culture of continuous learning by encouraging innovative problem-solving. Approach challenges from new angles, and challenge traditional methods to uncover better solutions.

- Evaluate AI automation critically: just because generative AI can perform a task doesn’t mean it should. Examine each process end-to-end and don’t simply opt for automation—consider how it could be reinvented.

- Embrace generative AI as a catalyst for workforce transformation, but don’t stop there—plan holistically for how the enterprise must evolve, and shape your workforce to align with that vision.

Trend 7

A shift from ‘waste out’ to ‘value in’

What's the trend?

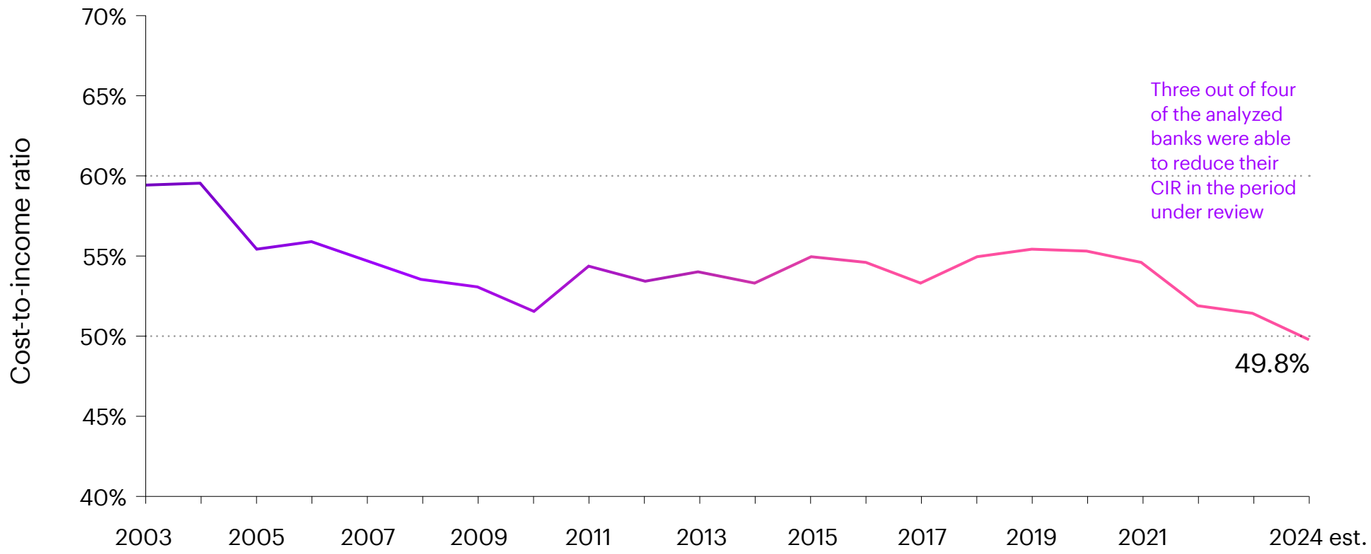
There is a gradual shift from generative AI being used mainly to reduce costs and raise productivity, toward the exploration of opportunities to grow revenue by enhancing offerings and experiences and raising the effectiveness of cross- and up-selling.

The start of digital banking can be traced back to the introduction of automatic teller machines in the late 1960s. Every subsequent innovation delivered convenience for customers and efficiencies for banks. Evidence of this is the decline in the cost-to-income ratio of the world's largest banks—from approximately 60% at the turn of the century to, more recently, below 50% (Figure 3).

Figure 3

Since the early 2000s, the world's largest banks have reduced their cost-to-income ratios by an average of nearly 10 points.

The long-term median cost-to-income ratio (CIR) of the 70 of the world's 100 largest banks whose data has been consistently available between 2003 and 2024.



Source: Accenture Research analysis based on the published financial results of 70 of the world's 100 largest banks by total assets.

One thing that digitization wasn't able to do, to any great degree, was increase revenue. It was natural for a bank manager, during the course of a customer discussion, to suggest ways of improving their finances by taking advantage of the bank's other products. Digitization, however, dramatically reduced the number of such discussions, along with other opportunities for cross- and up-selling. It also quickly became table stakes for all players, so that big advances in convenience did little to enhance differentiation and attract new customers.

Generative AI is different. There is no doubt it will be a powerful driver of efficiency throughout banks' operating models. In the short-to-medium term we expect to see most banks focusing on incremental changes designed to improve productivity and accuracy: "waste out". Their aim will be to progressively simplify and automate their existing processes. In the US, for example, the testing of banks' risk and compliance controls takes an estimated 50,000 employees across the industry. Not only are these controls increasing at a rate of 10-20% a year, but up to 90% of them are manual, driving costs that generative AI and other tools are expected to reduce by 60% in the next two to three years.[33]

However, we believe the greatest benefit of the technology will be an increase in revenue: "value in". By relieving customer-facing talent of their more onerous tasks, it will allow them to spend more time resolving customers' queries and help them improve customers' finances. It will also equip relationship managers, contact center agents and others with the tools and information to significantly improve the quality of these engagements and the effectiveness of their sales efforts. AI is already dramatically changing the nature of marketing, enabling truly one-to-one content creation and messaging. At Accenture, we are using our own AI Refinery framework to reinvent our marketing & communications function.

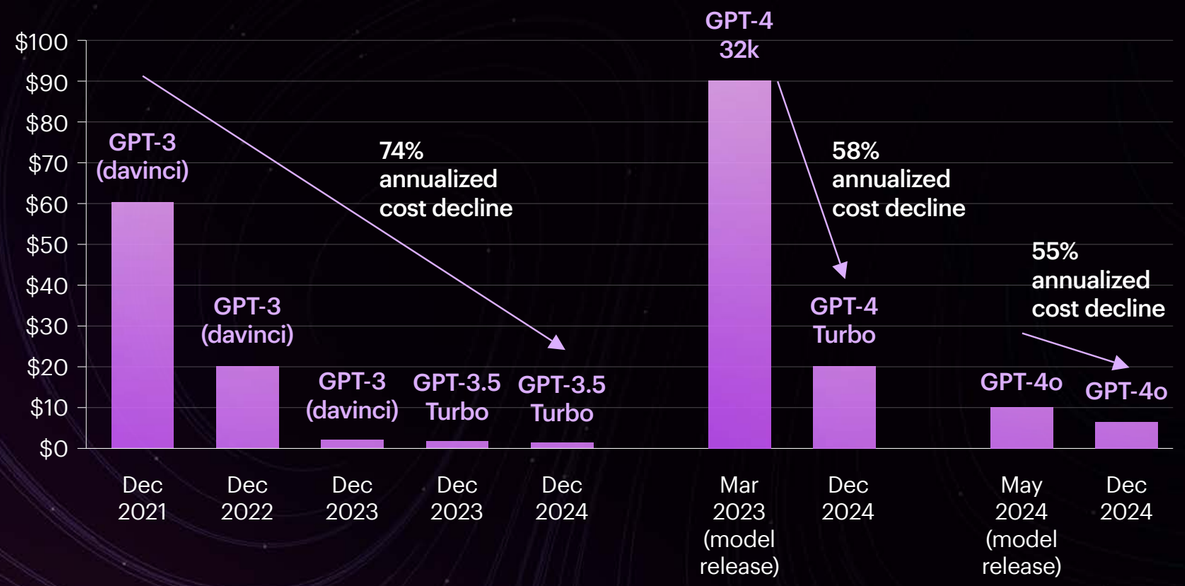
It's no surprise that most of the early use cases for generative AI target a reduction in cost. Efficiency is not only quicker and easier to achieve than growth; it is also easier to measure, with a clear line of causality between a deployment and the resulting benefits. In many ways this mirrors the digital revolution, where banks initially focused on costs and came around to the marketing and revenue benefits later.

With time, "waste out" will be supplemented with "value in" as technology and data are used to personalize marketing, enable intelligent relationship managers, and optimize offerings, pricing and messaging. It may be more difficult to generate and measure growth than savings, but the outcomes will be more differentiating and, ultimately, more significant.

Figure 4

The cost of using LLMs is decreasing rapidly, while new models are becoming significantly more advanced.

API inference costs per million tokens.



Source: Accenture Research analysis based on OpenAI and Big Ideas 2024, ARK Investment.

The efficiency benefits of generative AI will continue to increase as the cost of using it plummets. We are already seeing the start of this, with the cost of putting large language models (LLMs) to work falling more than 50% a year—at the same time as their performance continues to improve dramatically (Figure 4). Like railways in the 1800s, creating the necessary infrastructure is costly. But after that, the increase in productivity will dwarf the initial investment. Banking is set to enter a new era of efficiency.

The question banks will face is what to do with their savings: take them directly to the bottom line or invest in growth? We believe the latter approach creates a flywheel effect that increases and sustains the momentum of both "waste out" and "value in".

While digitization—including conventional AI—enabled the incremental improvement of processes and products, generative AI will allow banks to fundamentally rethink and reinvent them. The impact on CIR will be amplified by improvements to both cost and income. Customers and shareholders will be the big winners, but so will economies and overlooked sectors such as the underbanked.

Banks could embark on a new era of stable, profitable growth by providing more good reasons for consumers and businesses to increase their dependence on them, and by strengthening their relationships with these customers.

> "A key measure of success is productivity and reducing repetitive tasks that give our people more time to spend with our customers and to work on the more interesting parts of their role."
> Les Matheson, NAB Group Chief Operating Officer.[34]

What do we expect by 2030?

Generative AI will be a potent and universal tool for improving operational efficiency. But its greatest contribution to banks' financial performance will be to drive revenue and growth.

We recommend:

- Develop talent capable of rethinking process in the age of generative AI. Historical re-engineering approaches stalled when faced with qualitative challenges; generative AI enables a fresh look at every process.

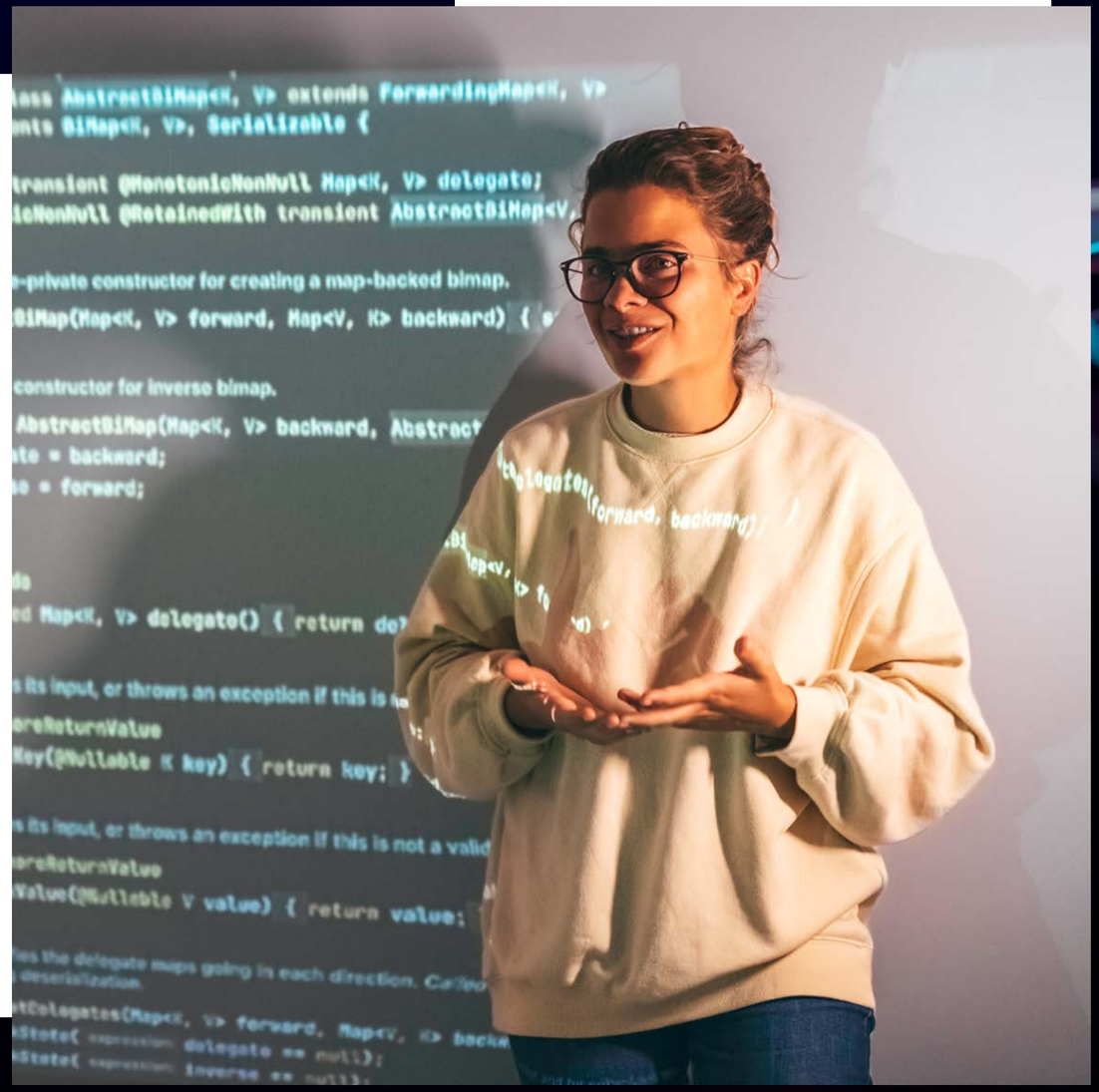
- Think beyond the process. Consider how changes in products and customer experiences (see trends 4 and 5) and the utilization of unstructured data could completely eliminate wasted time. An example is the creation of credit memos from digitally captured documents.

- Explore how AI could be used in conjunction with front-line associates to increase revenue, such as developing co-pilots to guide conversations or freeing employees from non-customer-facing tasks. More than 340,000 bank tellers in the US (the industry's single biggest job function in the US) spend on average 33% of their time on non-client-related tasks; with generative AI they could redirect half of that time to client-facing activities.[35]

- Time your investments in accordance with advances in technology and shifts in costs. Both are changing rapidly, so ensure that each project utilizes technology that is both ready and cost effective. With the costs of LLMs dropping by over 50% annually, a previously unprofitable business case could transform into a great opportunity within just a few months.

Trend 8

The future is open source



What's the trend?

The future of banking is being reshaped by open-source systems, with banks moving away from legacy technologies to embrace platforms such as Linux as their computing foundation. The flexibility, innovation and collaboration that these platforms enable is unlocking unprecedented agility, efficiency and security in an increasingly competitive financial landscape.

When neobanks burst onto the scene almost a decade ago, they set a new standard for operational efficiency. The explanation was obvious: they used the latest technology and architectures.

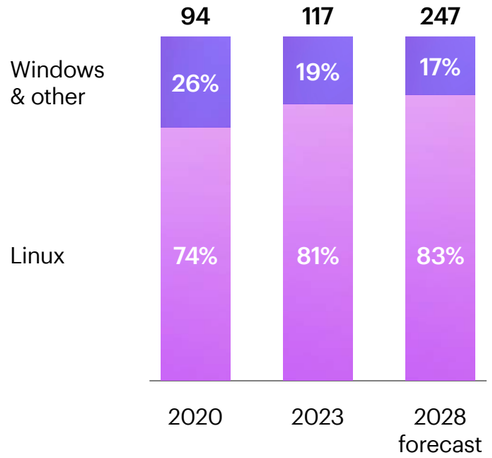
Since then, every incumbent bank has strived, with varying degrees of success, to match their efficiency. A key strategy has been to switch from proprietary to open operating systems. China is a good example: to boost innovation, its government and its central bank, the PBoC, have been encouraging banks to move to an open-source model and foundation. Over the past five years openEuler, an open-source operating system originally developed by Huawei in 2019, is believed to have achieved a total of 10 million deployments, half of which are estimated to have taken place in 2024 alone. It is currently the leading operating system in the country, with a 50% share of new deployments. Notably, many of China's largest banks, including four of the world's largest, are among those that have adopted the software.[36]

China is not alone. Even the European Commission, through its internal "Think Open" IT strategy, has promoted the adoption of an open-source mindset.[37] As a result, Linux has become the dominant operating system for servers worldwide. Its global share of physical and virtualized-server operating system environment deployments rose from 74% in 2020 to 81% in 2023 and is expected to reach 83% by 2028 (Figure 5).

Figure 5

Linux will comprise 83% of all new server operating-system deployments by 2028, representing almost a 10-point gain in market share since 2020.

A snapshot of physical and virtualized-server operating-system environments worldwide—millions of deployments.



Source: IDC's Worldwide Server Operating System Environments Market Shares, 2023: The Market Slows Temporarily (IDC US#52585124, September 2024) combined with IDC's Worldwide Server Operating System Environments Forecast, 2024-2028: Ready to Rebound (IDC #US52611524, September 2024).

As the leading system for cloud computing, Linux facilitates workload migration and supports the agility and efficiency that come with the move. By freeing banks from the constraints of their proprietary systems, it gives them the ability to easily customize their architecture to meet evolving needs, and to scale their operations as and when required. Innovation, which is stifled by legacy systems, flourishes on an open system.

There are other benefits too. By allowing banks to leverage a broader ecosystem of tools and services, open systems can lower the total cost of ownership. Open systems also encourage collaboration across different platforms and vendors, facilitating interoperability that enhances productivity and efficiency. And they increase security and transparency—the ongoing scrutiny of a larger user community means vulnerabilities are more likely to be identified and addressed quickly.

However, open systems are not without their risks. There are many "versions" of Linux and the supply chain for source code is highly distributed. This risk is universal, given that all major cloud providers are powered at the core by open-source foundations. When hackers inserted a back door into the heart of the Linux operating system they could potentially have gained access to all Linux-based systems, including those of the cloud providers. But as the ecosystem includes millions of users, the odds are that threats such as this will be discovered (in this instance, by a Microsoft engineer) and eliminated.[38]

Open source goes beyond just the computing foundation. The Fintech Open Source Foundation (FINOS), an umbrella organization under the Linux Foundation, was launched in 2014 to encourage collaboration and innovation in financial services through the adoption of open-source software, standards and best practices. Today it has about 80 member organizations which support the foundation's more than 50 open-source, open-standard projects and special interest groups. In its latest report on the state of open source in financial services, FINOS revealed that publicly available data from GitHub shows a 26% increase in contributions by financial services users since 2023.[39]

Even generative AI is going open source, as evidenced by Meta's commitment to "embracing an open-source ethos" for its Llama models.[40] There are more than a million open-source AI models on Hugging Face, a platform dedicated to hosting open-source AI models.[41]

There's little doubt that the future of banking is open.

What do we expect by 2030?

Banks will have fully embraced open-source architectures, enabling unparalleled agility and efficiency in their operations. Open-source systems—on-prem and in the cloud—will become the foundation of banking infrastructure, driving innovation, reducing costs and enhancing security. Banks will increasingly collaborate and share common industry code that benefits the entire industry—much like wi-fi standards—enabling open-source banks to collaborate more seamlessly with fintechs and each other.

We recommend:

- Start planning now for your transition to an open-source technology architecture. Align on standards, desired end-states and ecosystem partners. Before making any new tech investments, ask yourself: will this bring you closer to or further from the inevitable shift? Many leading banks have recently established formal open-source program offices (OSPOs) to promote the adoption of open-source technologies and address areas such as governance. Goldman Sachs, which set up its OSPO in 2021 and is a big open-source software user, says "a tagline for the bank could be that it runs on open source."[42]

- Adopt a cloud-first mindset. Standardize your operations to work seamlessly across both on-prem and cloud environments. Failing to do so creates unnecessary complexity, cost and security risks. The goal is a simplified, unified tech environment—don't complicate it further.

- Act now to modernize legacy systems. Stop using complexity and cost as excuses. Advances in reverse- and forward-engineering are making legacy modernization more achievable than ever. Leaving your legacy systems unaddressed only increases risk, including security vulnerabilities.

- Explore strategic partnerships with other banks to share open-source code. Take inspiration from initiatives like FINOS. Banks should focus on competition in areas like products, pricing and marketing, but should collaborate on non-competitive elements like market data and regulatory reporting—these are the "wi-fi" standards of banking.

Trend 9

Traditional coding fades into the past

What's the trend?

Generative AI is poised to untangle decades of legacy spaghetti code by effortlessly reverse-engineering and modernizing outdated code. This will unlock a new era of efficiency, flexibility and innovation that will transform the way banks operate and develop software.

Decades after they were used by NASA to put a man on the moon, engineers clung dearly to their slide rules—even when it became obvious they couldn't match the capabilities of more modern tools. Digital calculators, users argued, didn't give them the same connection with the problem. In a similar way, banks today are deeply attached to their legacy systems and ways of coding. The reasons may be different, but the outcome will be the same.

One reason why banks have been relatively slow to migrate from their legacy core banking systems to modern cloud-based systems is that most of their processes are dependent on an unfathomable maze of archaic code. Just like Rome and other ancient cities that consist of innumerable layers of construction, built one upon the other over a very long time, so banks' core systems consist of countless updates and modifications.

All of this adds up to millions of lines of code, most of it in outdated languages like COBOL. And because there are few programmers left who are proficient in these languages, understanding and changing them can be a mammoth, risky undertaking. As long as they continue to work, albeit sub-optimally, the preference is to retain them. This makes banks' cores more rigid and fragile, not to mention more costly to run. But this is often regarded as preferable to taking on the hazards of a full-scale migration.

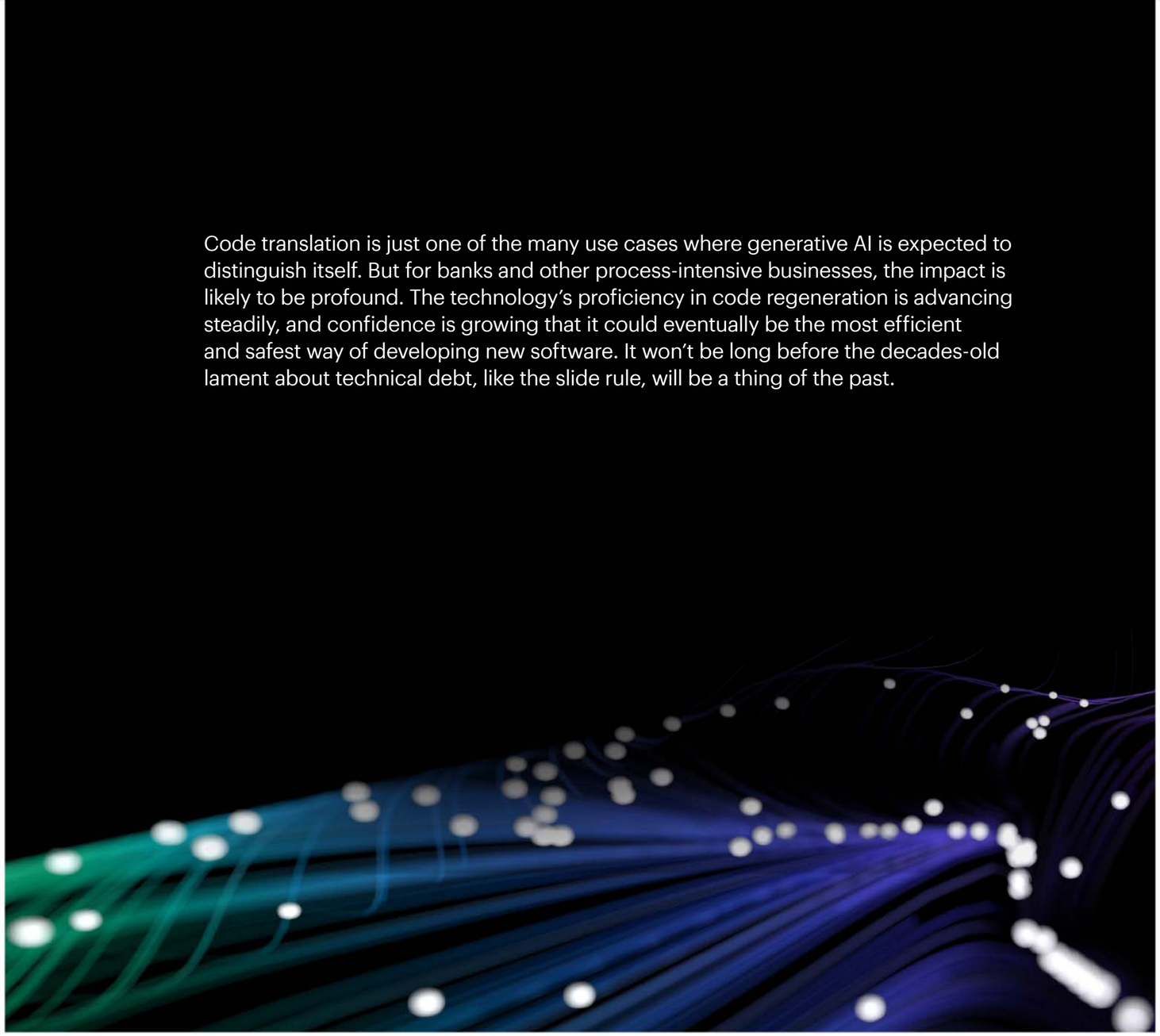
Generative AI is likely to break the logjam by acting as a Rossetta Stone that enables legacy code to be translated. For the first time, it is now possible to reverse-engineer banks' legacy code. The technology can analyze lines or blocks of code in old languages to understand their purpose and summarize it in modern terms. It can also take instructions in natural language, meaning anyone with a clear understanding of what they want a piece of software to do will be able to create programs without knowing how to code. Generative AI will write new code, in any modern language, to achieve the desired result. Google, for example, is using AI internally to generate more than 25% of all new code, which is then reviewed and accepted by the company's engineers.[43]

This solves a number of problems. The first is the shortage of COBOL programmers. Another is the time they would take to translate all the outdated code which would need to be replaced—generative AI has already shown its potential to work accurately at a much greater speed. And because the technology can also automate the testing of the rewritten code, it is able to keep the risk within acceptable limits.

The effect of this will be felt not only in banks' technology. It is likely also to change the skills that are in greatest demand in their IT divisions—fewer programmers will be needed, while the demand for product engineers and other AI-focused specialists will soar. Increasingly, as banks' basic IT maintenance tasks are automated, their IT experts are likely to play a more valuable role. By working more closely with the bank's product leaders, the roles of technology leader and business leader will blend together into a closely-knit partnership that enables new offerings and revenue streams to be engineered at a pace we can now only imagine.

> Thomas Dohmke, the CEO of GitHub, said in February last year that almost half of the code produced by users of its programming tool Copilot was generated by AI.[44]

Code translation is just one of the many use cases where generative AI is expected to distinguish itself. But for banks and other process-intensive businesses, the impact is likely to be profound. The technology's proficiency in code regeneration is advancing steadily, and confidence is growing that it could eventually be the most efficient and safest way of developing new software. It won't be long before the decades-old lament about technical debt, like the slide rule, will be a thing of the past.



What do we expect by 2030?

All banks will be using generative AI for most of their application development, and many will tackle their technical debt[45] by migrating securely from their aging core platforms.

We recommend:

- Start now. Test the techniques and approaches to specify, write, test and deploy code using LLM techniques. Our early trials are already showing 75% improvements in cycle times and productivity.

- Commit to continuous learning. While generative AI is already making waves, the real breakthroughs are still ahead. Keep refining your approach as LLM-based coding evolves. Experiment with innovative methods, like using multiple LLM agents to compete in code creation, pushing pair-programming to new levels of productivity. As Revolut's Head of Engineering said: "A genuine desire to learn, and a willingness to explore new concepts and acquire new skills are vital qualities that drive success in this field."[46]

- Anticipate the organizational shift. As AI accelerates code development, business units will increasingly specify their needs directly, blurring the lines between technology and business functions. Prepare for the emergence of new roles, like product engineer, and streamline collaboration between divisions to enhance agility and innovation.

- Engage with the broader community. Staying ahead of the curve requires external collaboration. Learn from industry developments, measure your performance against emerging standards, and have leadership drive the change across your organization to maintain a competitive edge.

Trend 10

Platform providers face the innovator's dilemma

What's the trend?

Generative AI is revolutionizing the SaaS and banking platform industry, driving providers to innovate and enhance their offerings. Platform providers will increasingly embrace SaaS models that use composable architectures that will be easily mixed and matched under standardized architecture-as-a-service models.

Generative AI—in fact, AI in all its different guises—will have a transformative effect on virtually all business sectors. Banking platform providers are no exception. Recent and oft-repeated (but unconfirmed) reports about Klarna's strategy[47] is a case in point. The e-commerce payments fintech is believed to have terminated a number of its software-as-a-service subscriptions as AI had enabled it to consolidate, standardize and simplify, and "create a more lightweight tech stack to operate more effectively with higher quality".

To an increasing degree, modern SaaS providers are grappling with a similar problem to that of the legacy tech firms: their architectures were designed for a different time and problem. In sales support, for example, the majority of customer relationship management systems depend mainly on rows and columns of text and numbers. Yet most of the institutional knowledge that banks hold is locked up in documents, presentations and conversations.

Banking ecosystem providers are grappling with two challenges. The first is how to incorporate AI into their offerings to help banks unlock the power of their trapped data. The second is how to modernize their often-monolithic architectures to serve a banking industry that demands more composable banking services.

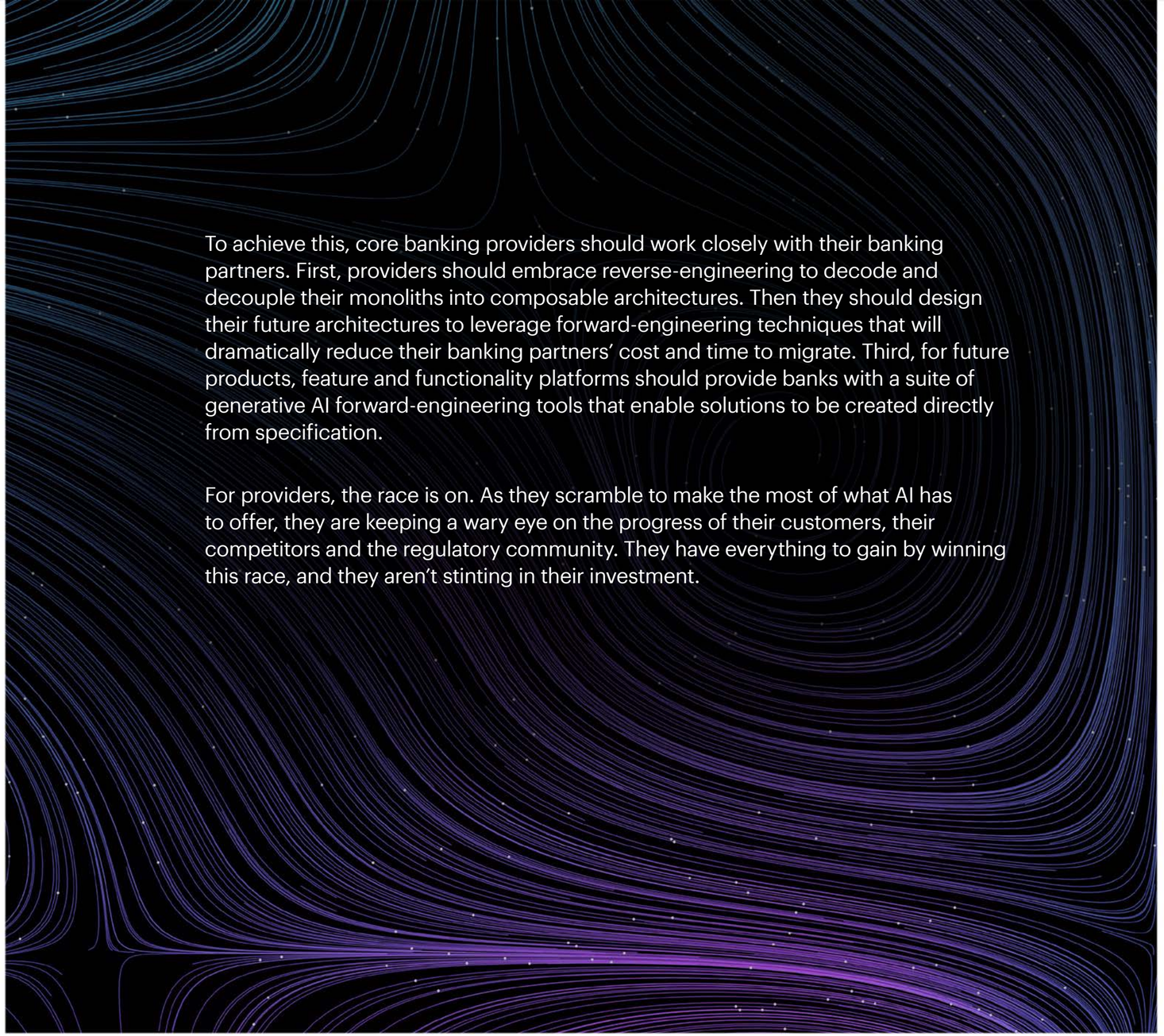
Providers are working furiously to incorporate AI into their platforms, enabling customers to leverage the technology without having to acquire special expertise and build their own systems from scratch. They are adding tools like automated content creation, chatbots for customer support, and predictive analytics to enhance their user experience and provide added value. They also offer training and support for their AI features to help customers understand and effectively use all their features. The challenge for banks is how to manage this explosion of AI solutions.

Salesforce is one example. Its Agentforce Agents are autonomous AI-powered applications that provide specialized, always-on support to employees or customers. Adobe is another; it has incorporated generative AI into its Creative Cloud through features like Firefly, which generates visual images and integrates with other Adobe products like Workfront to enable automation of the content supply chain.

Core banking providers face a true innovator's dilemma. Monolithic legacy architectures have all the services and functionality a bank needs, while modern SaaS providers can often provide only a limited set of functionality. Finding a way to decouple the monolith into composable services that can be consumed on demand is the challenge.

Next-generation core banking platforms are well positioned from an architectural perspective but have a long way to go to become full-scope solutions. Monolithic solutions have a full suite of functional capabilities but lack the modern architectures required to support a cloud-native operating model. In the end, these two competing models need to merge into a fully functional, cloud-native, composable approach.

> "It's estimated that between 80% and 90% of the world's data is unstructured... Imagine what your teams could achieve if they could tap into that vast, untapped reservoir of insights."
> Sridhar Ramaswamy, CEO, Snowflake.[48]



To achieve this, core banking providers should work closely with their banking partners. First, providers should embrace reverse-engineering to decode and decouple their monoliths into composable architectures. Then they should design their future architectures to leverage forward-engineering techniques that will dramatically reduce their banking partners' cost and time to migrate. Third, for future products, feature and functionality platforms should provide banks with a suite of generative AI forward-engineering tools that enable solutions to be created directly from specification.

For providers, the race is on. As they scramble to make the most of what AI has to offer, they are keeping a wary eye on the progress of their customers, their competitors and the regulatory community. They have everything to gain by winning this race, and they aren't stinting in their investment.

What do we expect by 2030?

Generative AI will be well on its way to transforming SaaS and banking platform providers, who will have developed highly advanced, AI-driven solutions that deliver composable products and experiences. AI integration will be a feature of nearly every solution. The industry will shift toward a simplified architectural model driven on one side by SaaS providers and on the other by composable banking-specific architectures and marketplaces.

We recommend:

- Stay close to your ecosystem partners. Leverage your current software investments by fully utilizing their capabilities. Check in regularly to understand their advances, and explore how you can unlock more value from the tools you've already implemented.

- Be strategic about the technology you build and own. Most capabilities are functional and commoditized and can be best sourced externally. Focus your custom development on capabilities that can truly differentiate the bank. Santander, for example, decided to build Gravity, which functions as both its core banking cloud platform and software to migrate core banking from mainframe to cloud.[49]

- Encourage your ecosystem partners to rethink pricing and functionality. If customers need just a fraction of a solution's capabilities, software vendors should consider adapting their pricing models—perhaps a more modular approach—rather than risk giving customers a reason to develop in-house solutions: the Klarna effect.

Conclusion

No simple transition to the bank of 2030

The past quarter of a century will be remembered by bankers as the Digital Age—a period of unprecedented transformation that brought great innovation, huge improvements in convenience for customers and substantial gains in efficiency for banks. No one will deny it changed how banks work and how customers bank.

As we stand on the brink of another wave of innovation, there is much we can learn from the past 25 years. Perhaps the most important is the value of curiosity. Leaders who are excited about the potential of AI, data, cloud and related technologies to change how they operate and enhance their value proposition will be most likely to take their organizations successfully into the next era of banking.

The bank of 2030 will be one that has reconciled the efficiencies of digital transformation with the need to restore the personal, empathetic connection that customers crave. Achieving this will require a new mindset, a new way of working and a commitment to continuous reinvention. With these in place, banks can reshape their role from mere financial service providers to indispensable, customer-centric partners.

It all starts with confronting the paradox and thinking differently about how to bring the human touch back into banking—a human + machine approach that, when executed thoughtfully, could unlock a future where technology and empathy go hand in hand.

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