

# 4 trends pushing banks to banktech

How cloud is supporting the banking sector





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From products to personalization:  
a new direction for banks

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# From products to personalization: a new direction for banks

Can you recall the last time you visited a branch of your bank? Or does “going to the bank” seem like an activity that belongs to another era?

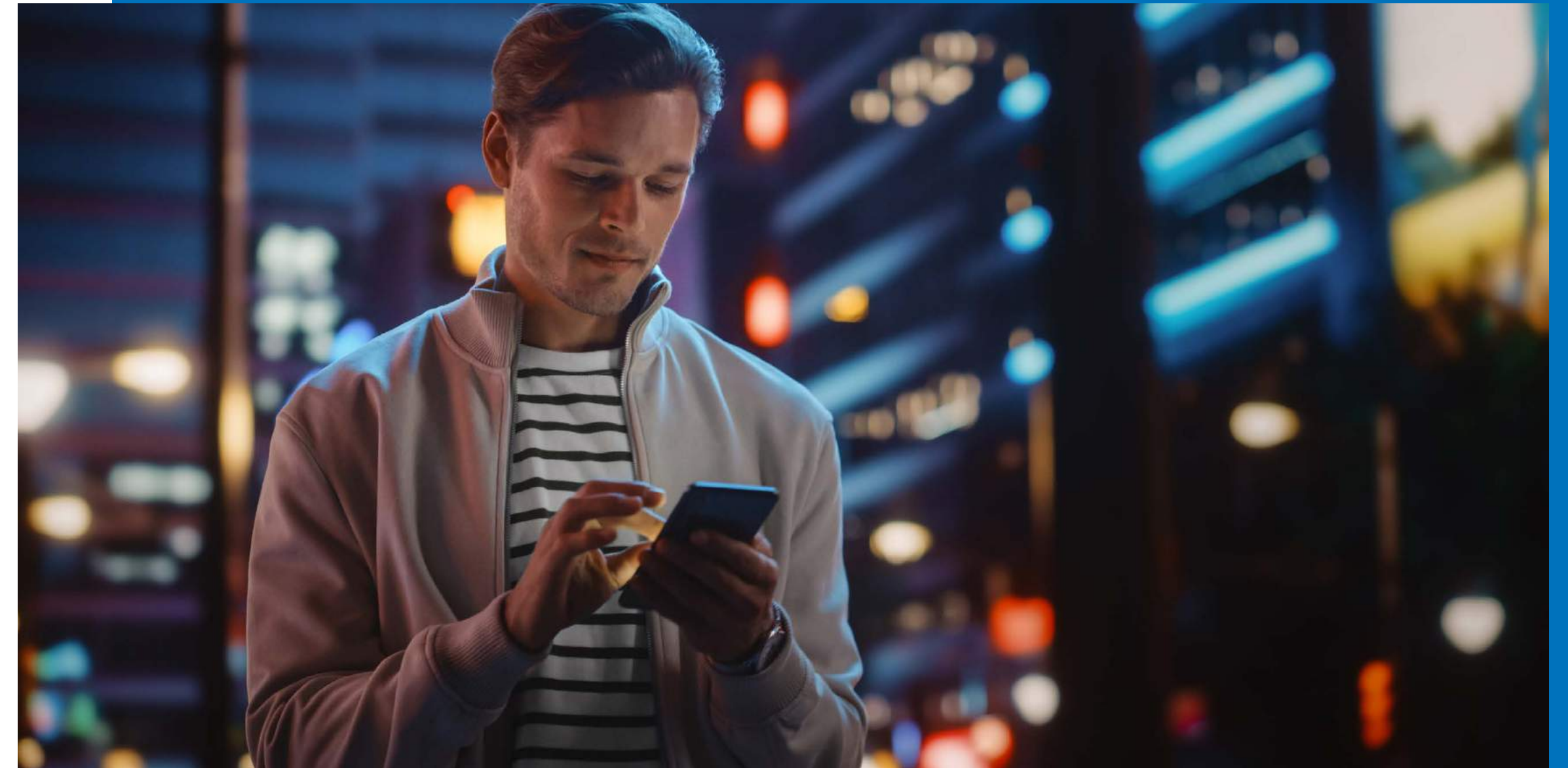
**Banktech marks the intersection of banking services and fintech. It uses a combination of technological innovations and advancements to enhance and streamline various aspects of traditional banking and financial services.**

Customers are accustomed to transacting online and from digital platforms whenever they need to. They now expect increasingly sophisticated digital interactions and a seamless and personalized experience across multiple channels. They also expect to have the same experience when sending money to friends and family, even if they have different banks.

As a result, financial institutions, and banks in particular, are shifting their focus from simply presenting customers with a range of financial products and benefits to optimizing customer journeys. Financial institutions have untapped customer information hidden in trillion bytes of structured as well as unstructured data. AI-based analytics is the key to understanding the broader financial needs of an individual customer and narrowing the offerings presented to them.

Banks hold the data that makes this level of customization and personalization possible. Cloud breaks the silos between departments. They need to be able to harness data analytics to support intelligent decision-making and offer outstanding customer experiences, all while complying with increasingly stringent regulations and maintaining the human connection – an essential element of trust.

**We explore four trends that are changing the banking landscape.**



In 2021

43%

of banking FSIs considered the shift to digital as a permanent CX approach.

In 2023

87%

of banking FSI respondents claim they have made good or even advanced progress in their digitalization strategy.<sup>1</sup>



# Trend 1: Hyperpersonalization

Catering to a banking segment of one



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# Trend 1: Hyperpersonalization

## Catering to a banking segment of one

Traditionally, the banking sector's main focus has been on the product. Bank used mass customization to address broad market segments, based on a customer's net worth. Fintechs, on the other hand, focused more on the overall customer experience (CX).

To get the best of both worlds, banks are now partnering with fintechs to increase personalization. They're using the information they hold for a customer – such as spending habits, housing loans, car payments, investments and debt – to create a customization segment of one.

The goal is to go beyond meeting customer needs and offering a smooth digital experience. In addition, banks want to anticipate future needs so they can offer the customer the right products at the right time.

**92%** of financial services say improving CX directly impacts their net profit.<sup>1</sup>

This level of personalization is only possible as business silos fall away and data moves to the cloud. There, it can be analyzed using AI and machine learning, then visualized in a dashboard that tells the story of how customers are navigating the financial landscape and suggests which products are likely to give them the most value.

<sup>1</sup>NTT DATA 2023 Global Customer Experience Report: The financial services perspective



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# Trend 2: Smart banks

The changing role of branches



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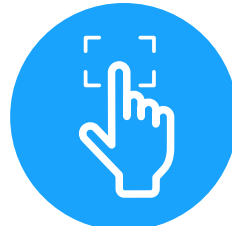
# Trend 2: Smart banks

## The changing role of branches

**Although customers expect seamless and personalized experience across multiple digital channels, digital-first doesn't mean digital-only.** Financial services institutions recognize the need to balance automation with human-led interaction to provide a consistent and engaging customer experience.

With the shift to digital, many bank branches have closed, and branches are no longer the main touchpoint between banks and their customers. Few people still use branches for deposits and withdrawals. Instead, branches have become advisory centers where bank employees assist customers with more complex transactions and requirements, as well as those who still want to do their banking in person.

Incorporating technology that gives insights into a customer's needs – and the reason they are likely at the branch – enables branch employees to meet those needs quickly, making the entire process smoother, faster and more pleasant for everyone.



Customers' tolerance for waiting for hours at a bank branch is running low. **They expect a great and efficient experience in person as well as digitally.**



# Trend 3: New payment methods

Accelerating transactions



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# Trend 3: New payment methods

## Accelerating transactions

Solutions like Apple Pay and Google Pay reflect a shift to contactless transactions that's facilitated by smartphone capabilities, enabling instant digital payments.

Banks must evolve in line with new payment methods in the consumer payment industry, like real-time payments (RTP) and the Unified Payments Interface (UPI) system, which bring multiple bank accounts into a single mobile application. Or buy now, pay later (BNPL), which divides a purchase into multiple equal payments that are billed to a bank account till they are paid in full.

This evolution can be accelerated by leveraging cloud services that can facilitate seamless integration between banks and technology providers, and from one bank to another. The underlying technology enables personalization and speed. However, with more information being shared between financial service providers, securing cloud data is essential and banks have to stay on top of the newest cybersecurity innovations.

<sup>1</sup>NTT DATA 2023 Global Customer Experience Report: The financial services perspective



**92%** of FSIs are now providing mobile (smart) applications as a customer interaction channel.<sup>1</sup>



# Trend 4: Sustainable finance

Green investment



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# Trend 4: Sustainable finance

## Green investment

Financial services customers expect sustainability to be built into their technology and their banking.



Sustainable finance –considering environmental, social and governance (ESG) factors in their decision-making and products – now represents a meaningful share of business for banks, with many offering sustainable finance products and services such as “green bonds” and loans for sustainability assets, like solar energy.



Another big focus area for banks is data centers, which are eclipsing the aviation industry in terms of carbon emissions. Hosting data on-premises is also costly: it requires a significant investment in infrastructure and ongoing power consumption.



Cloud and automation enable banks to be more operationally efficient as well as energy-efficient. The move to cloud reduces electricity usage and the overall cost of housing data and deals with the problem of ewaste, as resources can be reused.

And, by providing and unifying relevant data points, cloud can give the insight financial institutions need to map their carbon footprint.

Moving to the cloud can **reduce your carbon footprint by up to 98%** and lower energy consumption and costs.<sup>2</sup>

<sup>2</sup>Microsoft. The carbon benefits of cloud computing: A study on the Microsoft Cloud in partnership with WSP.

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# A glimpse into the future



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# A glimpse into the future

**Automation and efficiency will continue to increase.** AI will remove the drudgery of routine tasks and financial institutions will have to balance AI with the human touch to stay connected with their customers.

**Sustainable finance will be a continuing trend and is likely to become standard practice.** To make sure they can secure their market share, financial institutions will increase their investment in sustainable technology like cloud and look into other ways to reduce the carbon footprint of their technologies.

**Open banking** is moving financial institutions toward collaborative systems, collaborative infrastructure and collaborative applications.

China and India have already introduced a **central bank digital currency** and Europe is discussing the digital euro.

**Cybersecurity** will emerge as the number one concern for financial institutions as more data and applications move to the cloud and the information needed for open banking is shared.

**The metaverse** can replace branches as they close. Financial institutions can use augmented reality (AR), mixed reality and virtual reality (VR) and to create an immersive experience for customers, anywhere. Nearly 47% of bankers believe that customers will use AR or VR as an alternative channel for transactions by 2023.<sup>3</sup>

**Autonomous payments** are also on the horizon, with the increase in smart buildings and smart homes.

<sup>3</sup>Accenture, [Banking in the metaverse: The next frontier](#), Feb 2022



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# Your partner in transforming banking into banktech

Sourcing the required digital capabilities from vendors and contractors is the top barrier mentioned by retail banking firms for their digitalization efforts, followed by employee digital skills. Whether you want to improve customer experience, reduce operational costs, manage risk, adopt cloud or future-proof your business, we have the solutions and services to address your needs.

**NTT DATA has strategic partnerships with Amazon Web Services (AWS), Microsoft, Salesforce and other leading technology providers, and a global network of delivery centers, industry experts and consultants.**

[Find out more](#)

\*The Financial Brand, 14 Surprising Predictions on the Future of Banking, Nov 2021

## We can help you:

- Modernize your core banking systems and applications with cloud-native architectures and microservices
- Enhance your digital channels and customer engagement with AI, personalization and omnichannel strategies
- Optimize your business processes and operations with automation, orchestration and data services
- Mitigate your regulatory, compliance and cybersecurity risks with audit-ready solutions and platforms
- Innovate and differentiate your products and services with open banking, blockchain and data monetization
- Improve the efficiency of your operations for a more sustainable future

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