

DIGITAL BANKING EXPERIENCE: AN EVOLUTION FROM 2021 TO 2022

KEY SUBJECTS INCLUDE

- // How bank strategies have adapted to the digital ecosystem
- // Highest expected growth in banks in coming years
- // Biggest challenges facing banks in 2022, and beyond

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DIGITAL BANKING EXPERIENCE: AN EVOLUTION FROM 2021 TO 2022

From *artificial intelligence to regulatory compliance*, the world of banking is moving at an incredible rate. Banks around the world are striving to adjust to a new landscape, which requires *collaborative business models, new digital capabilities and higher levels of compliance*.

Our annual Digital Banking Experience report features 792 senior decision makers in the financial services, banking and/or insurance industry from Africa, Asia, the Americas, Europe and the Middle East. It affords us a unique insight into how banks are adapting to this new landscape, year-on-year.

In this white paper, we consider some of the key changes that have occurred from our survey results in 2021 to those in 2022. By analyzing this rolling data, we can better understand the current state of the financial services industry, as well as where it might be going.

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FUTURE VISION AND ROADMAP

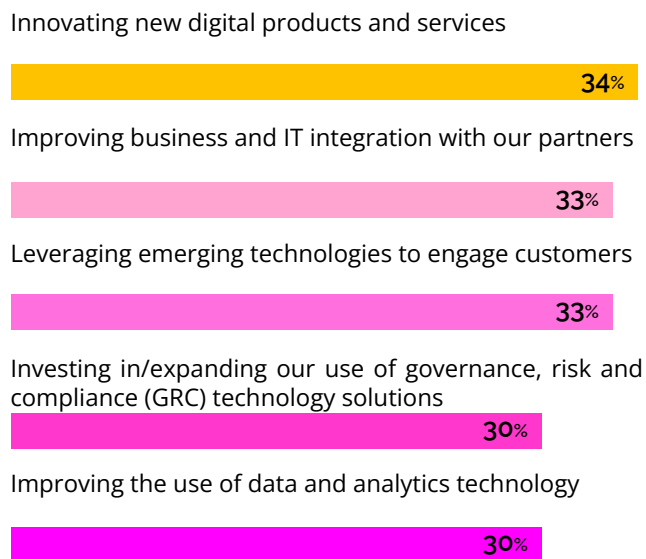
Our results show a big shift in the top priorities that banks are considering as part of their future vision and roadmap. As the graphs below show, all but **one** of the **top five** priorities have changed since the 2021 survey was taken, indicating that there have been **significant developments in banks' future strategies**.

KEY INSIGHTS

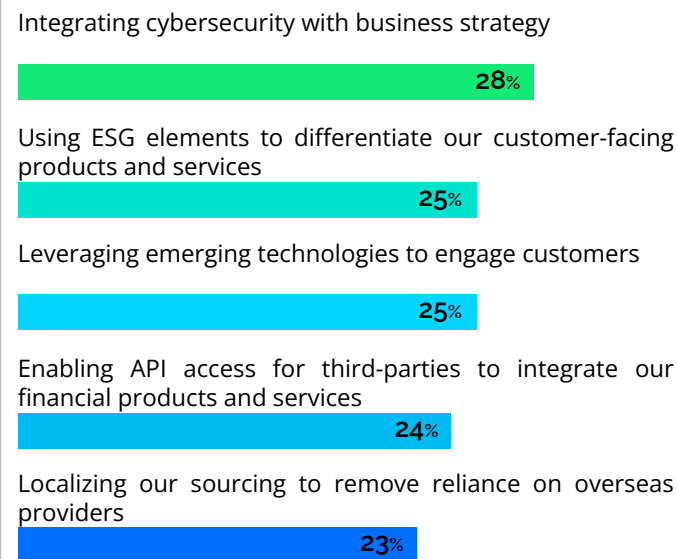
- Banks bolster cybersecurity and reconsider supply chains to focus on market trends and growth opportunities
- Environment, social and governance (ESG) concerns were introduced to the survey for the first time this year and immediately ranked second among top priorities, highlighting their importance
- “Leveraging emerging technologies to engage customers” remains a top-three priority for banks

WHICH OF THE FOLLOWING INITIATIVES ARE YOU PRIORITIZING AS PART OF YOUR ORGANIZATION'S FUTURE VISION AND ROADMAP?

2021



2022



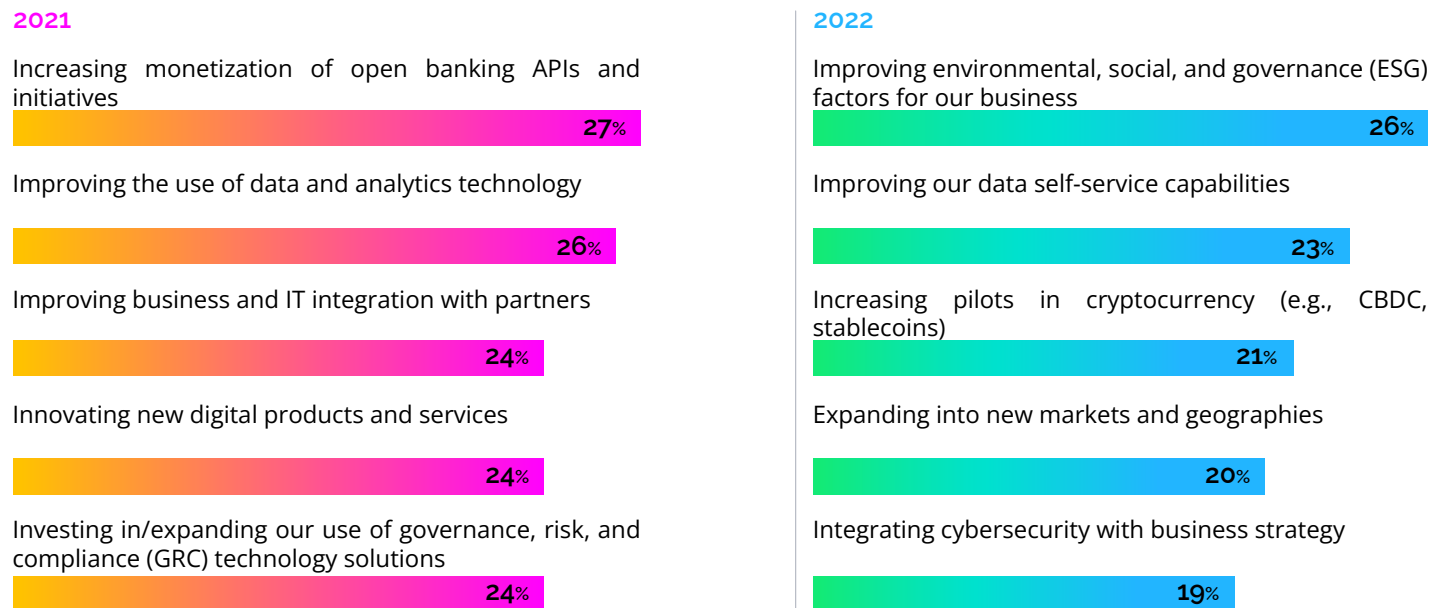
HIGHEST GROWTH EXPECTATIONS BY INITIATIVE

Our survey shows that banks' expectations around **growth** by initiative have changed significantly from 2021. By analyzing how these expectations have changed, we can see how banks have developed their **capabilities** in the past year, and adapted their **strategies** accordingly.

KEY INSIGHTS

- Open banking and IT integration with partners have gone from top three high-growth expectations in 2021, to among the lowest ranked in 2022. This suggests that banks have reached a suitable level of maturity for IT, and instead are focusing on operating models in a changing economy
- Expanding into new markets and geographies remains high on the list of growth expectations, year-on-year
- New initiatives added to the 2022 survey – ESG, cryptocurrency and cybersecurity integration – all appear among the top five initiatives expected to provide growth by banks over the next three years

WHICH OF THE TOP PRIORITY INITIATIVES DO YOU EXPECT TO PROVIDE THE HIGHEST GROWTH OVER THE NEXT THREE YEARS?



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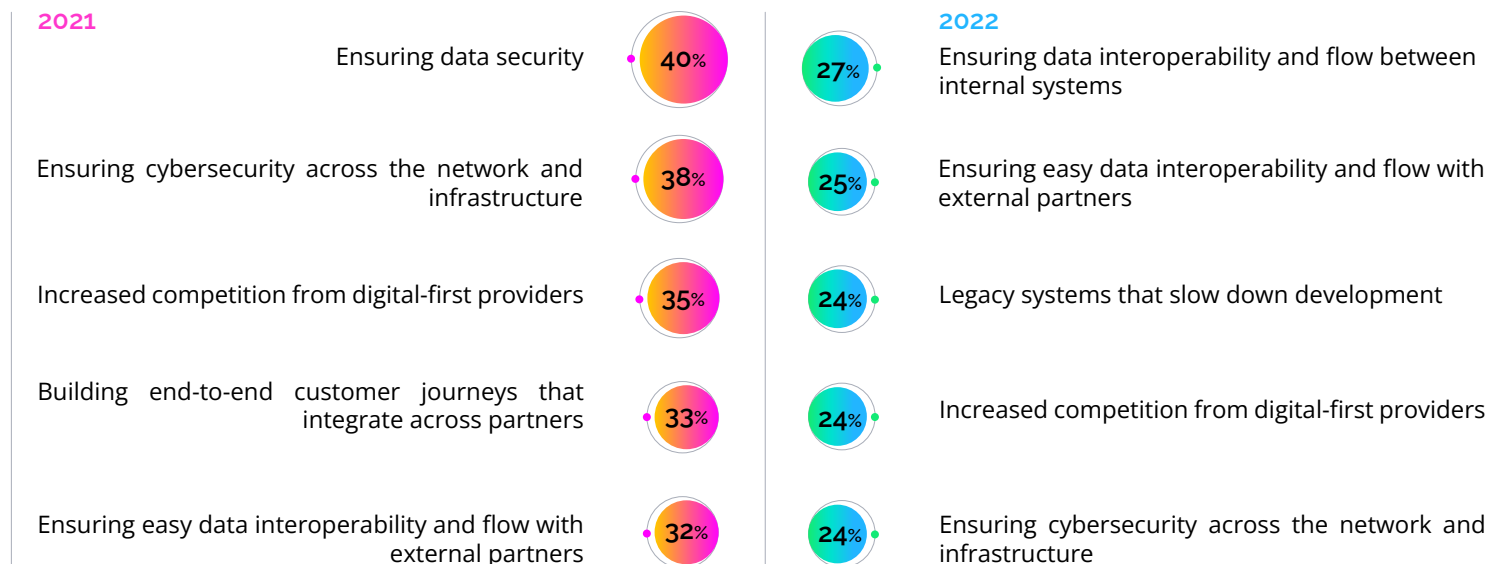
BIGGEST CHALLENGES

There are plenty of roadblocks for banks on their way to increasing their **digital capacities**, many of which remain consistent from 2021 to 2022. In some cases (although not all), the priority and scale of these challenges have shifted, highlighting the maturity they gained on last year's top priorities. Furthermore, our survey results show the issues banks face entering into the **digital ecosystem**, as well as the importance they place on doing so successfully.

KEY INSIGHTS

- In 2021's survey, there was an eight-point gap between the biggest and fifth biggest digital banking challenge. This year, that gap is just three points, suggesting that the weight of challenges has become more diversified
- Data security remains a key challenge for banks, but it has become less prioritized than the interoperability of data, both internally and externally
- Legacy systems have moved from eighth in 2021 to third in this year's survey, suggesting that banks are becoming increasingly cognizant to their need to tackle their legacy IT system problems

WHAT ARE YOUR COMPANY'S BIGGEST CHALLENGES WHEN IT COMES TO DIGITAL BANKING?



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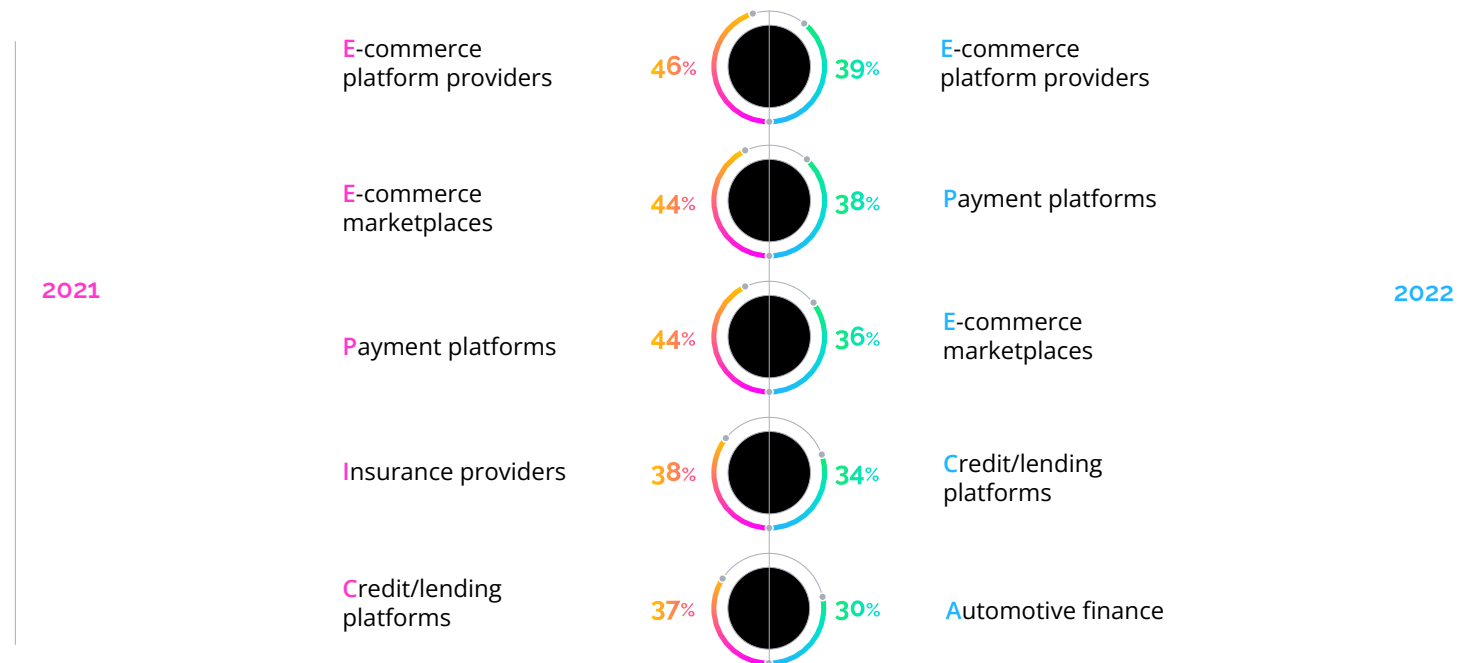
PARTNERING UP

Working with **experienced partners** is a tried-and-tested way for banks to better develop their **digital banking strategies**. By seeing which areas are most popular among our banks' respondents can be indicative of areas where they are most lacking. According to our surveys from 2021 and 2022, banks continue to struggle (and therefore seek partnerships) with **e-commerce, payments** and **credit/lending**.

KEY INSIGHTS

- The buy-in percentage for the top five partners has decreased in 2022
- While there is little change in terms of priority, automotive finance has risen as a current/potential partner
- The biggest drop was insurance providers, which lost eight percentage points from 2021 to 2022 and fell from fourth to eighth in the list of priorities

WHAT TYPE OF COMPANIES DO YOU CURRENTLY/EXPECT TO PARTNER WITH AS PART OF A DIGITAL BANKING ECOSYSTEM?



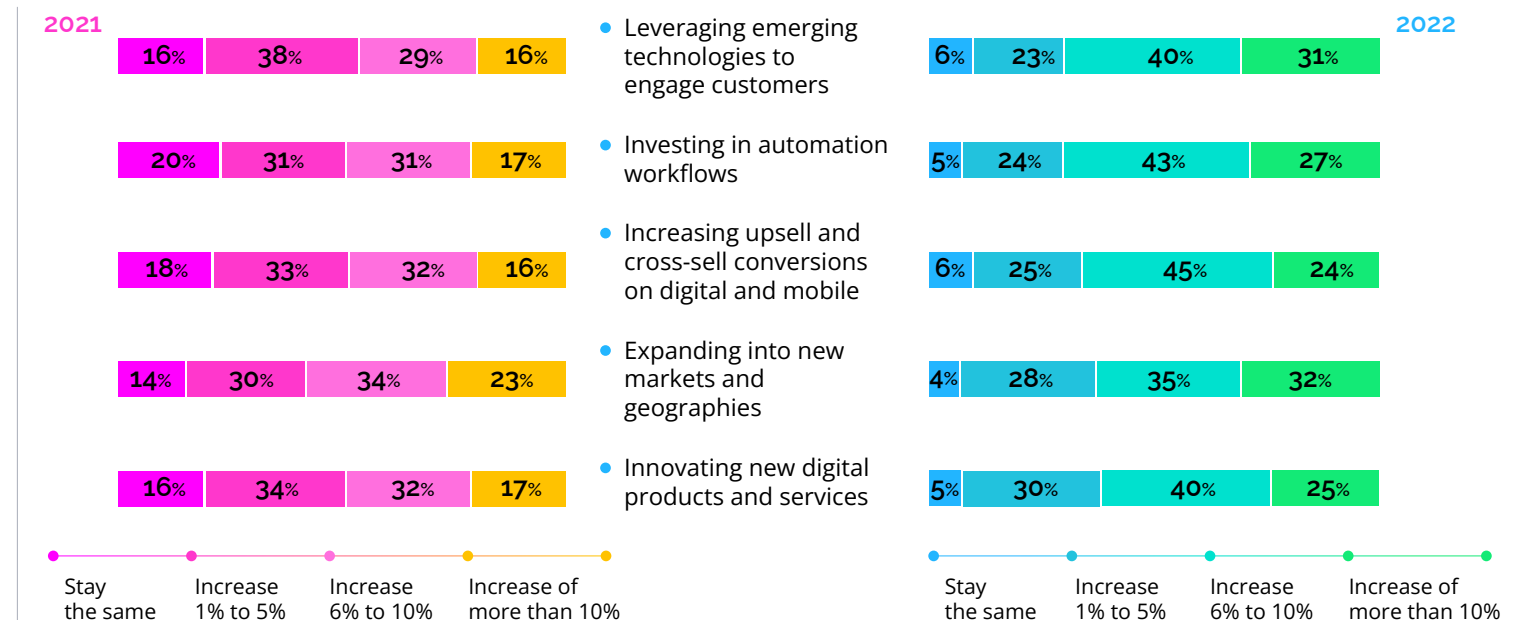
AGGRESSIVE SHIFT IN INVESTMENT

One of the biggest changes from 2021 to 2022 we have observed is **banks' investment plans** around their top priorities. As the graphics below show, there has been a significant shift in banks' plans to invest, with far more banks expecting to **increase investment by over 6%** across almost all initiatives compared to last year.

KEY INSIGHTS

- The year-on-year average for banks expecting to either “stay the same” or increase their investment in key priorities by between 1% and 5% has decreased by 11% and 7% respectively. However, the average for banks expecting to either increase by between 6% and 10% or more than 10% has gone up by 10% and 9% respectively
- The initiative “investing more in business-friendly, self-service visualization and analytics” has seen the most significant change. In 2021’s survey, 60% of respondents said they expected investment to either stay the same or increase by between 1% and 5%. In 2022, that number is just 26%, with the rest expecting investment to increase by at least 6%

HOW DO YOU EXPECT YOUR ORGANIZATION'S INVESTMENT IN YOUR TOP PRIORITY INITIATIVES TO CHANGE OVER THE NEXT 12 MONTHS?



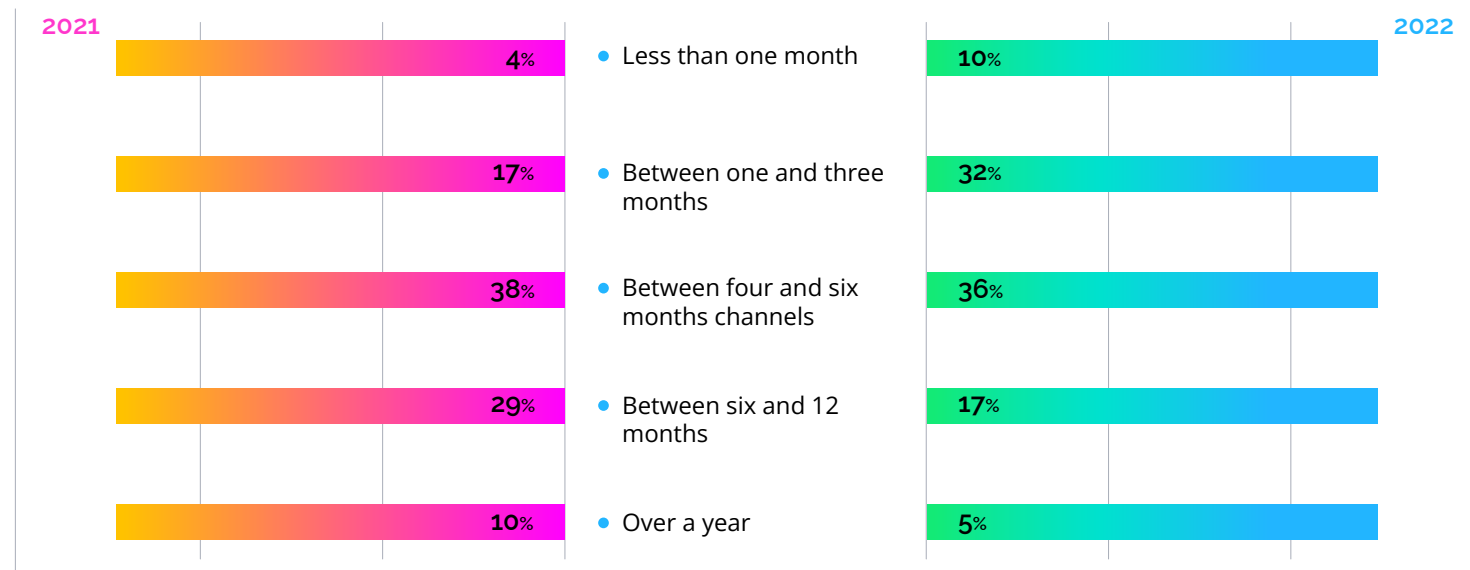
BANKS ARE GETTING QUICKER AT TAKING NEW PRODUCTS AND SERVICES TO MARKET

One of the most remarkable changes we've seen between 2021 and 2022 has been banks' huge reduction in time-to-market for new products and services.

KEY INSIGHTS

- The number of banks with a time-to-market of over a year has halved since 2021
- Furthermore, more than twice as many respondents said they have a time-to-market of less than a month in 2022 compared to 2021
- Banks have far exceeded their own expectations, per the respondents' three-year objectives given in last year's survey

WHAT IS YOUR AVERAGE TIME-TO-MARKET FOR NEW PRODUCTS OR SERVICES?



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LOOKING FORWARD TO 2023

The financial services industry may have changed but, as we've seen in this report, the banking sector is prepared to change with it. In just 12 months, we have seen a dramatic shift in banks' willingness to work with third parties and partners in order to achieve success with their top priorities, as well as a significant boost in investment expectations to make it happen. Perhaps this points to a change in mentality among banking leaders, who are already reaping the rewards of vastly improved time-to-market speeds thanks to co-operating with ecosystem partners.

At the same time, however, we can see that banks face many similar challenges as they did last year. Concerns around data security and management are still rife, as well as the ever-present problem of legacy system technology.

Interestingly, new challenges are becoming critical when embracing co-operation with ecosystems. And this shows. Ensuring data interoperability and flow between internal and external systems has become banks' biggest challenge on their way toward the digital economy. We will see how close they are to resolution in our next annual report in 2023.

In the meantime, we will continue to analyze the data afforded to us from the wide-reaching and expansive survey, so check back regularly at resources.soprabanking.com for new insights around the current and future state of the financial services industry.

DISCOVER MORE



MORE RESOURCES FROM SOPRA BANKING

DBX 2021

DBX 2021 is the first milestone in our annual reports delivered to the financial services industry. Built following an online survey conducted with more than 900 decision-makers at banks globally, it evaluates banks' strategic focus around digital banking.



Going beyond legacy systems

In this paper, our experts explore the current landscape of legacy IT systems, the impetus to replace or upgrade them and the steps that banks can take in doing so.



Security and compliance in open banking

In this white paper, our experts look at how banks are increasingly adopting open banking practices, as well as steps they're taking to remain secure and compliant.



Employee experience in banking

Our research shows that banks are still lacking when it comes to fostering a world-beating experience for their employees, and it's having an impact on their bottom lines.



Banking-Platform-as-a-Service: The platform revolution

Leveraging modern technology and collaborating with new industry entrants will catapult banks to the forefront of innovative disruption. Read this white paper to find out how.



Customer experience in banking

As the financial services industry and customer expectations change, banks need to adapt to survive. Find out why customer experience is key, and what banks can do to improve.



Sopra Banking Software is the partner of choice for more than 1,500 financial institutions worldwide. The rich variety of our solutions, the strength of our conviction and our passion for innovation enable us to support our clients on a daily basis and in their future projects, as well as in their goals regarding financial inclusion. Our customers, based in over 80 countries around the world, benefit every day from our technologies and software, as well as the expertise of our 5,000 employees. Sopra Banking Software is a subsidiary of the Sopra Steria Group, a European leader in consulting, digital services and software development. With more than 47,000 employees, the Sopra Steria Group generated a turnover of €4.7 billion in 2021.

To find out how we can help your bank to create market-beating digital transformation strategies, visit www.soprabanking.com or contact us at hello@soprabanking.com

