

Retail Banking Strategy and it's Driving Forces



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The 2024 Gartner Report* explores the key drivers reshaping the retail banking industry, emphasizing the importance of cybersecurity as consumers demand robust security measures amid rising data breaches. The report also highlights the growing significance of environmental, social, and governance (ESG) factors, particularly among younger consumers who prioritize sustainability in their banking choices.

Generational differences in banking preferences are noted, with younger customers seeking in-person support for complex transactions while valuing rewards and financial education. The emergence of generative AI introduces both optimism and caution, as customers recognize its potential but are hesitant about its use in significant financial decisions.

*All data and information based on Gartner Report: Shape Retail Banking Strategy With the Forces

The trend of unbundling banking services reflects consumers' preference for specialized providers, driving a shift towards multiple banking relationships. Fintech companies are leveraging their technological expertise to challenge traditional banks, while neobanks rapidly acquire customers through innovative mobile-first strategies.

Open banking facilitates greater access to consumer data, enhancing competition. Regulatory frameworks are adapting to encompass AI risks and climate-related financial considerations, while rising data-sharing restrictions necessitate new compliance strategies.

Overall, the report emphasizes the importance of embracing digital transformation, fostering a skilled workforce, and effectively managing technological debt as banks navigate these evolving dynamics.



1.4 Bn

Adults are unbanked majorly due to distance constraints & insufficient documentation.

63%

Bank employees think AI will expand the scope of their roles.

50%

Customers worry about online data security.

44%

Banks prioritize partner fintech's overall maturity.

33%

Retail banking customers do not prefer Gen-AI tools.



Driving Forces of Retail Banking Industry

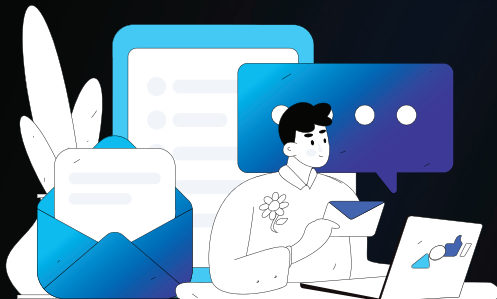


Customer

- ▶ Cybersecurity Concerns
- ▶ ESG Consciousness
- ▶ Generational Divide
- ▶ Generative AI Ambivalence
- ▶ Unbundling of Banking Services

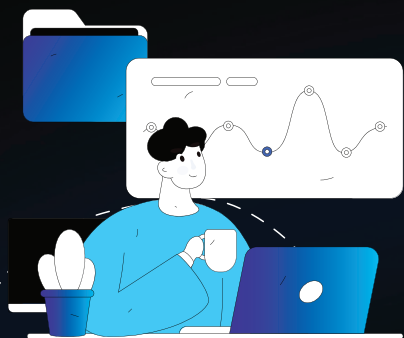
Competitor

- ▶ Fintech Advantage
- ▶ Neobanks
- ▶ Open Banking Disintermediation
- ▶ Untapped Unbanked Population



Regulatory

- ▶ AI Regulations
- ▶ Climate Risk Regulations
- ▶ Cloud Partnerships
- ▶ Data-Sharing Restrictions



Organizational

- ▶ AI-Driven Workforce Augmentation
- ▶ Technical Debt
- ▶ Workforce Technology Skill Gaps

Technological

- ▶ API Expansion
- ▶ Synthetic Data
- ▶ Data Governance
- ▶ Generative AI
- ▶ Machine Customers
- ▶ Automation Going Mainstream
- ▶ Growing Off-Premises Technology Concerns



*All data and information based on Gartner Report:
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