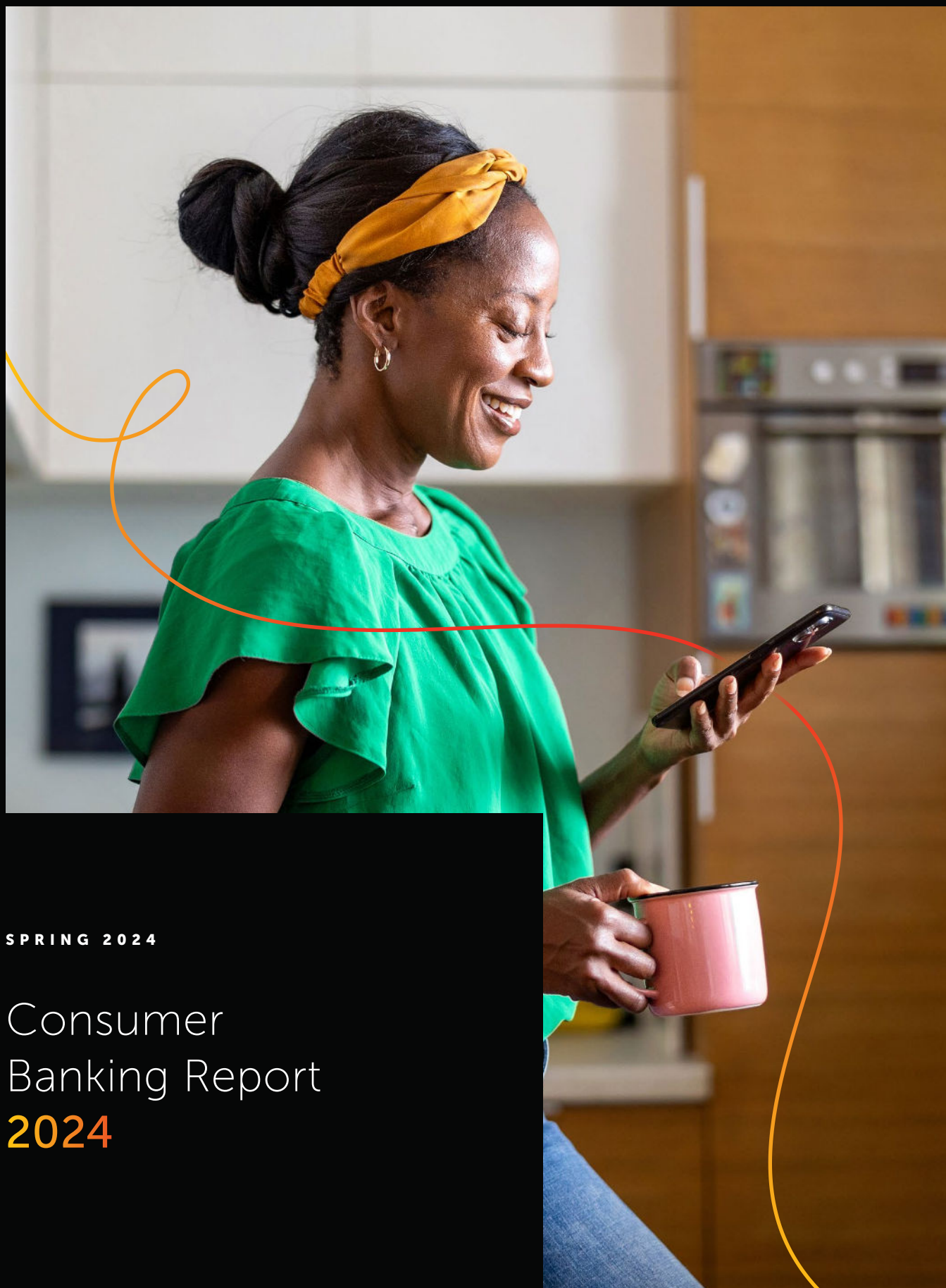




SPRING 2024

Consumer Banking Report 2024

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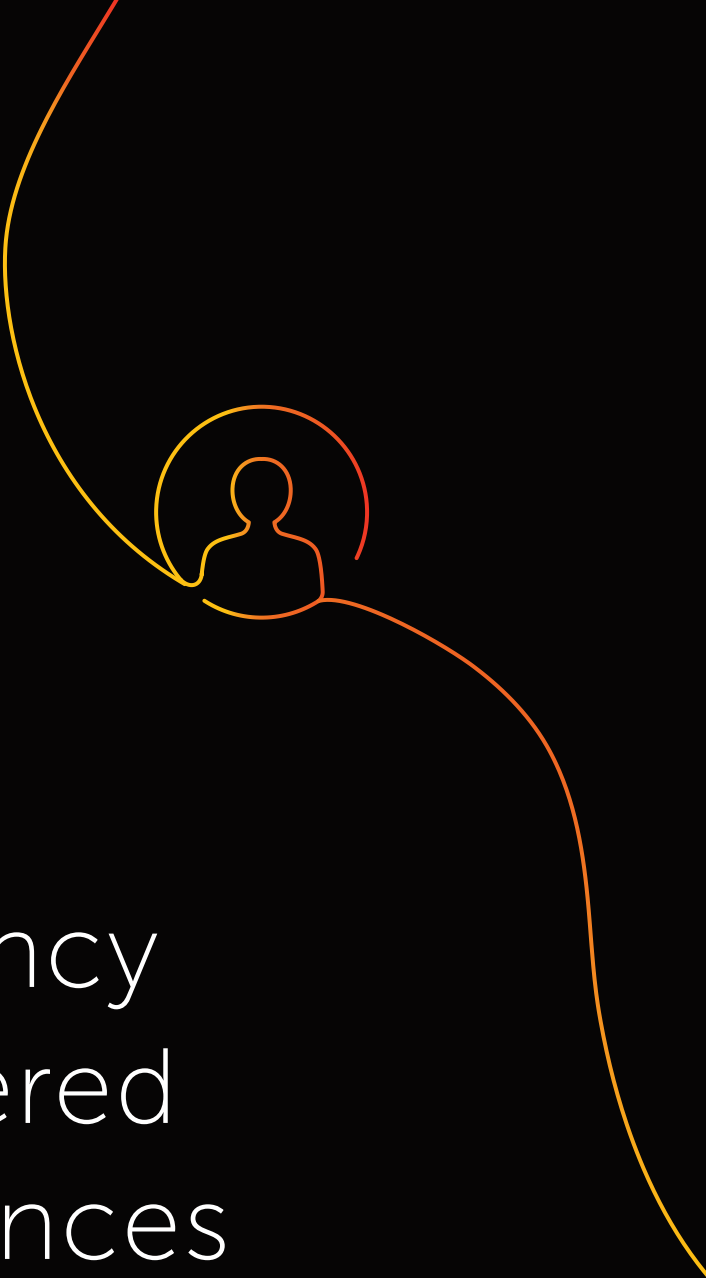
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01

FOREWORD

Trust, Transparency & Human-Centered Banking Experiences

FOREWORD

Trust, Transparency & Human-Centered Banking Experiences

DENNIS JOOSTEN

Head of Banking Practice, EPAM

Since we started our annual Consumer Banking Report back in 2020, we've seen a plethora of technological advancements and geopolitical events repeatedly upend the industry. This year's survey is no different, having been conducted at the end of 2023 in a year marked by highly publicized bank failures, rising interest rates and a variety of difficult global economic challenges. Yet, throughout these major global upheavals, one thing has remained constant: People are happy with their banks.

In the fourth iteration of our report, we surveyed **9,000 retail banking consumers** evenly distributed across nine countries. Across all of these countries, these results were consistent regardless of our respondents' ages, genders and incomes. But, why?



Australia



Canada



Germany



Hong Kong



Italy



Saudi Arabia



Singapore



United Kingdom



United States

I AM HAPPY WITH MY BANK

82%



2020

77%



2021

82%



2022

83%



2024

I AM HAPPY WITH MY BANK (COUNTRY BREAKDOWN)

81% 

AUSTRALIA

81% 

CANADA

82% 

GERMANY

85% 

HONG KONG

80% 

ITALY

93% 

SAUDI ARABIA

80% 

SINGAPORE

76% 

UNITED KINGDOM

86% 

UNITED STATES

Looking at the data, of those who were happy with their banks, the number one reason was because of their great customer service (46%). And despite highly publicized bank failures in 2023, customers say they're not only happy with their banks, but they trust them. As you'll see later in this report, 79% of our respondents said they trust their banks to manage their finances safely. Perhaps the failures of smaller, regional banks have restored consumer trust in larger, more traditional banks.

46% 

OF CUSTOMERS CITE GREAT CUSTOMER SERVICE AS THE TOP REASON THEY ARE HAPPY WITH THEIR BANKS

79% 

OF RESPONDENTS TRUST THEIR BANKS TO MANAGE THEIR FINANCES SAFELY

Despite this overall trust in their banks, however, customers are fairly cautious when it comes to the role of **AI in money management**. Paradoxically, this technology might be the key to delivering that strong customer service at scale. For example, generative AI (genAI) can enable banks to tailor communication based on an individual customer's banking knowledge and preferences, paving the way for meaningful interactions and personalized experiences.

It's up to banks to leverage this trust – built on strong human-centered relationships and reinforced by strong regulations – to educate consumers on how this new technology, as well as the data banks collect, creates a better experience for them in the long run. Banks have a responsibility to transparently communicate how they employ AI technology and the data they collect, ensuring compliance with global, regional and local regulations along the way.

To serve customers at scale, banks need to use this technology to do what they've done so well in the past: provide excellent customer service. Whether that be by providing **instant payments** (deemed to be the single most desired service a bank can provide when looking to the future) or providing personalized guidance and advice with the aid of data and AI, banks should view these technological advancements as an enabler for creating human-centered experiences.

Ultimately, the human-centered experiences at the heart of strong customer relationships are built on consumer trust in banks and bankers' transparency with their customers.

Backed by this throughline, our report looks at the following topics:



How customers feel about AI in their finances



How data can lead to more personalized experiences



How composable banking can enable digital services, like instant payments



The changing role of the banker in branch

Read on to learn more about our findings – and how you can use them.

I would love to hear what you think of these results. Please don't hesitate to **reach out** with any questions on what these results mean for you and your customers.



DENNIS JOOSTEN

Head of Banking Practice
EPAM





02

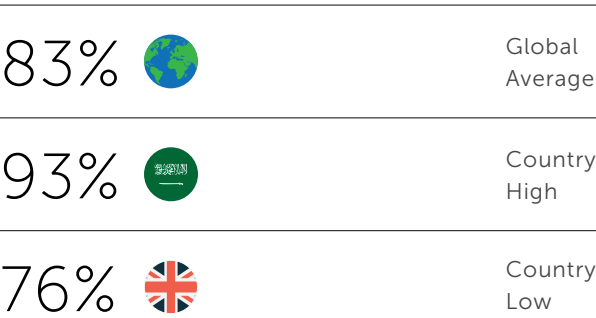
Results at a Glance

Results at a Glance

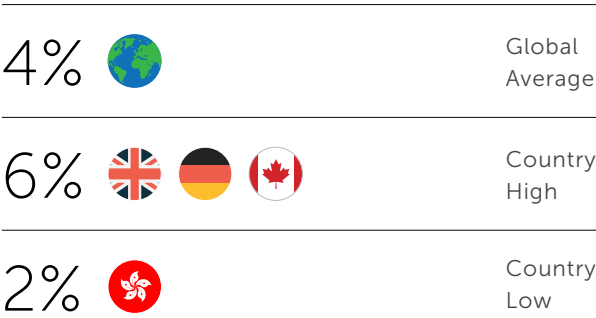
What are banking customers saying, and more importantly, what does it all mean?

On Bank Satisfaction

RESPONDENTS WHO STATED THEY ARE HAPPY WITH THEIR PRIMARY BANK:

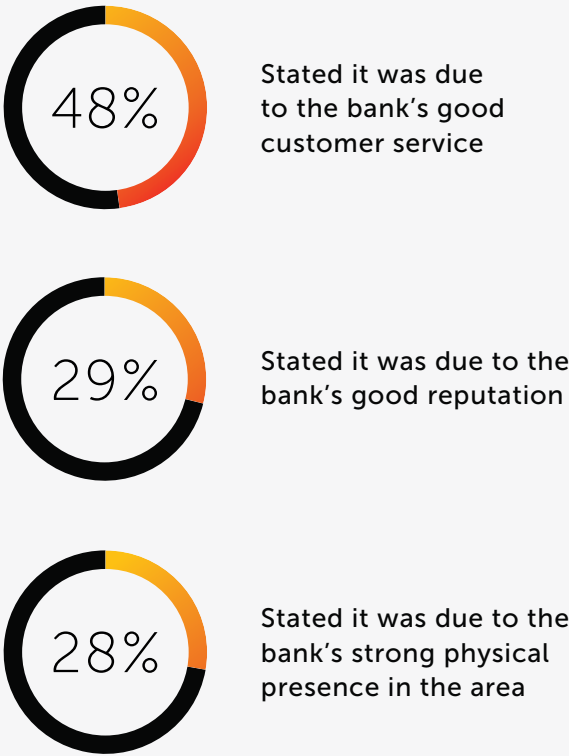


RESPONDENTS WHO STATED THEY ARE UNHAPPY WITH THEIR PRIMARY BANK:



 **IMPORTANT TO NOTE**
Happiness with primary banks has remained steady for the past four iterations of our report.

WHEN ASKED WHY THEY WERE HAPPY WITH THEIR CURRENT PRIMARY BANKS:



Despite high overall satisfaction with banks, three in 10 of all respondents said they were considering changing their primary bank in the next 12 months. What’s tempting them away?

RESPONDENTS STATED THEY WOULD LEAVE:

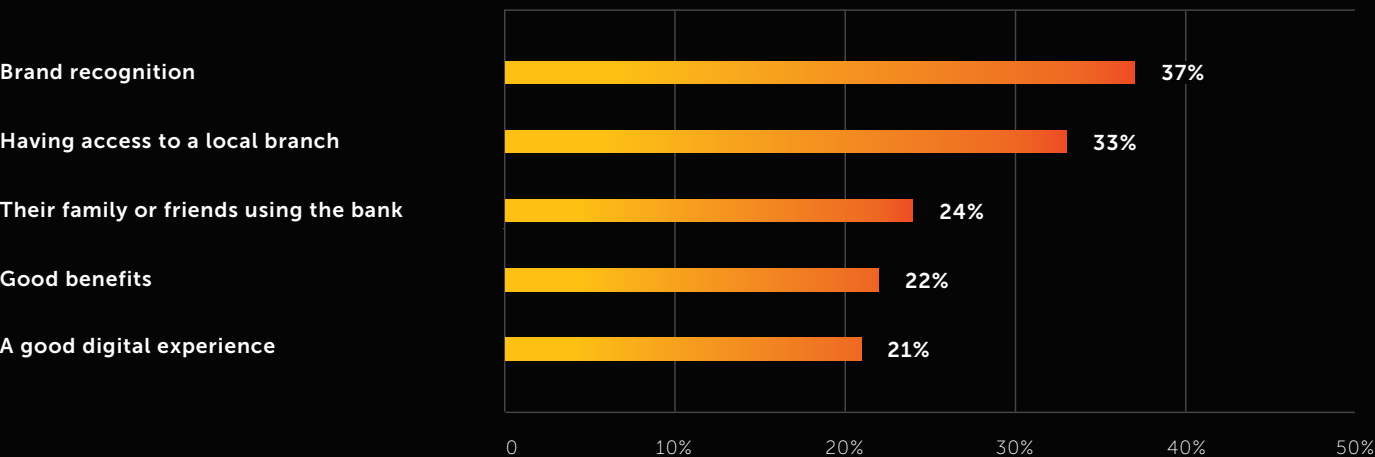


IMPORTANT TO NOTE
Only 13% of respondents have actually changed primary banks in the last three years. Those aged 18-34 were 2-4 times more likely to switch than their older peers.

OF ALL RESPONDENTS WHO CLAIMED THEY WERE DISSATISFIED WITH THEIR PRIMARY BANK, THEIR SATISFACTION WOULD IMPROVE IF:

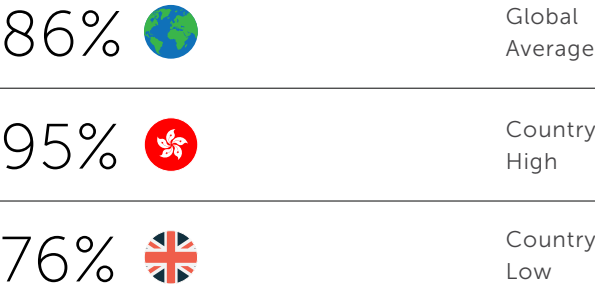


WHEN ASKED WHY THEY CHOSE THEIR PRIMARY BANK, RESPONDENTS STATED IT WAS DUE TO:

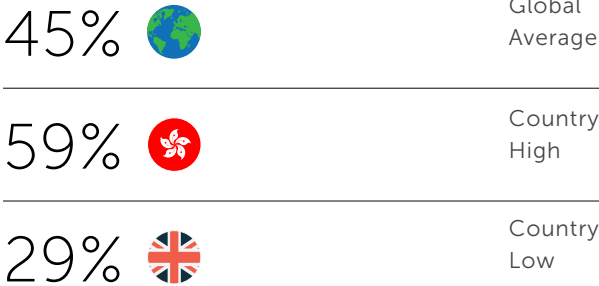


On Physical Bank Use

RESPONDENTS WHO STATED THEY HAVE USED A PHYSICAL BRANCH IN THE LAST YEAR:



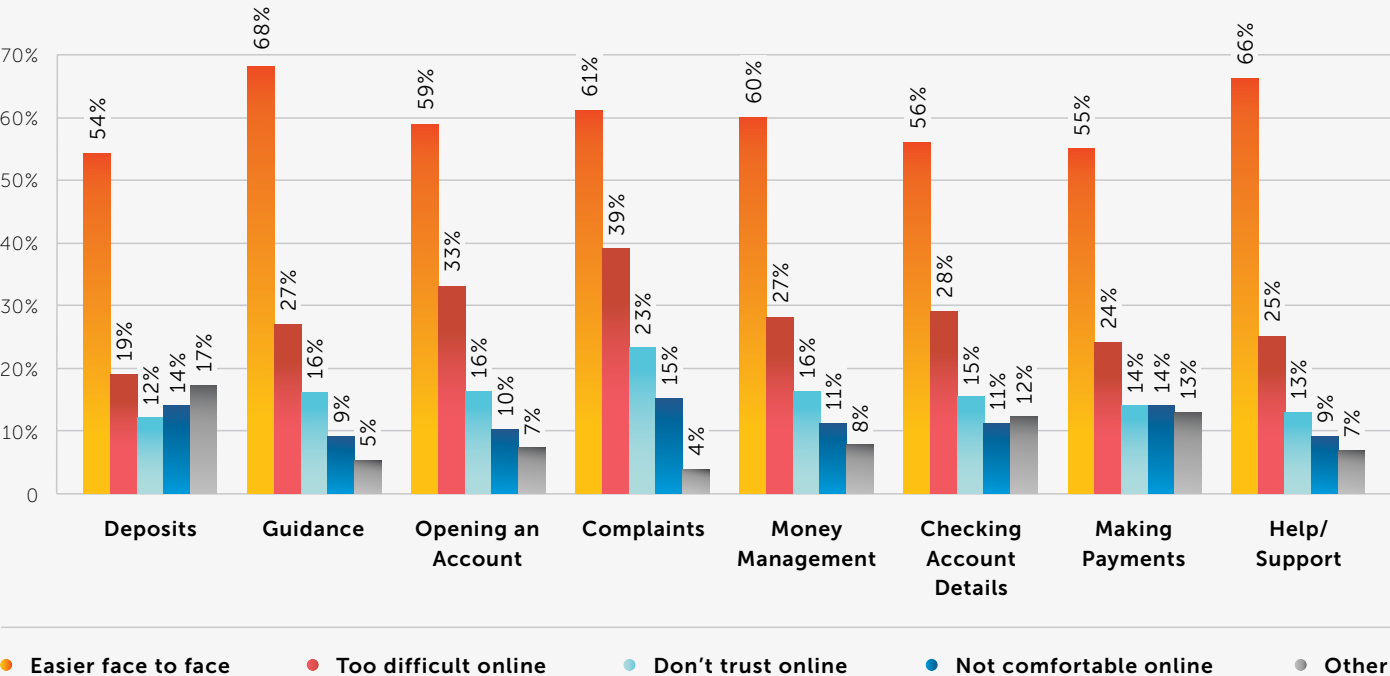
RESPONDENTS WHO STATED THEY USE A PHYSICAL BRANCH ON AT LEAST A MONTHLY BASIS:



IMPORTANT TO NOTE

31% of all respondents stated the primary reason they visit the branch is to make deposits. 29% of all respondents stated receiving cash as the secondary reason for using the branch.

WHY CONSUMERS CHOOSE TO USE THE BRANCH, EVEN WHEN THEY KNOW THEY HAVE DIGITAL ACCESS TO THE FOLLOWING SERVICES:



On Services Used Outside their Primary Bank

74% 

STATED THEY UTILIZE FINANCIAL SERVICES AND PRODUCTS FROM PROVIDERS OTHER THAN THEIR PRIMARY BANK

Of those who reported using another provider, the average number of additional products and services they use is two.



IMPORTANT TO NOTE

26% of respondents who reported using providers other than their primary bank reported having three or more additional financial products or services.

OF THOSE USING FINTECH SERVICES, RESPONDENTS STATED THEY ARE USING THE SERVICE FOR:

35% 

CASHBACK

32% 

FINANCIAL PLANNING

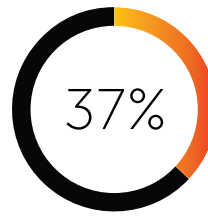
30% 

BUDGETING

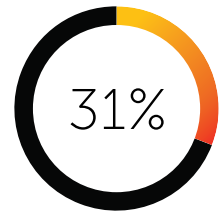
26% 

BUY NOW PAY LATER SERVICES

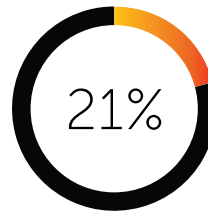
WHEN ASKED ABOUT FINANCIAL PRODUCTS OR SERVICES PROVIDED BY SOMEONE OTHER THAN THEIR PRIMARY BANK, RESPONDENTS STATED THEY ARE USING OTHER PROVIDERS FOR:



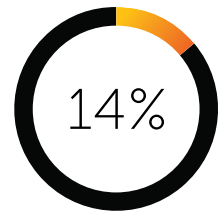
Credit cards



Savings accounts



Checking accounts



Loyalty or rewards programs



IMPORTANT TO NOTE

Competition in the banking industry is not limited to traditional banks. FinTech providers also play a significant role. As our research indicates, one in four (25%) respondents globally use a third-party app, such as PayPal, for managing their finances.

This highlights a growing preference among consumers to explore alternative financial services, which often offer different experiences, services or conditions compared to their primary banks.

On the Digital Experience

49% 

NEARLY HALF OF ALL RESPONDENTS STATED THEY WOULD BE UNCOMFORTABLE BANKING WITH A DIGITAL-ONLY BANK WITH NO LOCAL BRANCHES

67% 

OF ALL RESPONDENTS STATED THEY WOULD NOT BE COMFORTABLE INITIATING BANKING TRANSACTIONS THROUGH SOCIAL MEDIA CHANNELS

RESPONDENTS WHO IDENTIFIED AN INTUITIVE DIGITAL EXPERIENCE AS A REASON THEY ARE HAPPY WITH THEIR CURRENT PRIMARY BANK:

23%  Global Average

35%  Country High

17%  Country Low



DIGITAL CHANNELS, EITHER THROUGH A MOBILE APP OR THE BANK'S WEBSITE, WERE PRIMARILY UTILIZED TO EITHER MAKE PAYMENTS OR CHECK ACCOUNT DETAILS:

BANKING CHANNEL	MAKING PAYMENTS Main Use (% Who Use Channel)	CHECKING ACCOUNT DETAILS Secondary Use (% Who Use Channel)
Banking App	49%	42%
Banking Website	42%	39%

WHEN ASKED WHAT DIGITAL FEATURES AND SERVICES WERE MOST IMPORTANT FOR BANKS TO OFFER IN THE NEXT THREE YEARS:

Instant payments	78%
Digital access to banker or concierge	64%
Ability to integrate other financial info into a single platform	62%
Personalized budgeting support/money management guidance	62%
Integration with Apple/Google pay	58%
Automated goal and/or investment planning advice	58%
Carbon footprint tracking	53%
Digital AI assistant	51%
Access to banking features through voice assistants	46%
Augmented reality and/or virtual reality services	46%

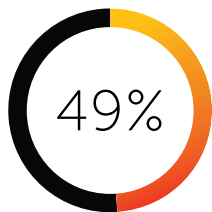
On Privacy & Security

91% 

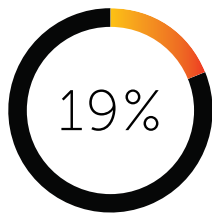
OF ALL RESPONDENTS STATED THAT TRUST IN THE SAFETY OF THEIR PERSONAL DATA WAS THE MOST IMPORTANT ABILITY FOR BANKS

However, data breaches (both among banks and industries across the global economy) have a significant impact on banks.

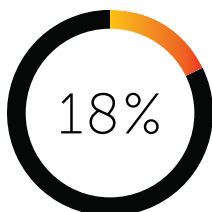
OF THOSE WHO STATED THEY DON'T TRUST THEIR BANK TO KEEP THEIR MONEY SAFE:



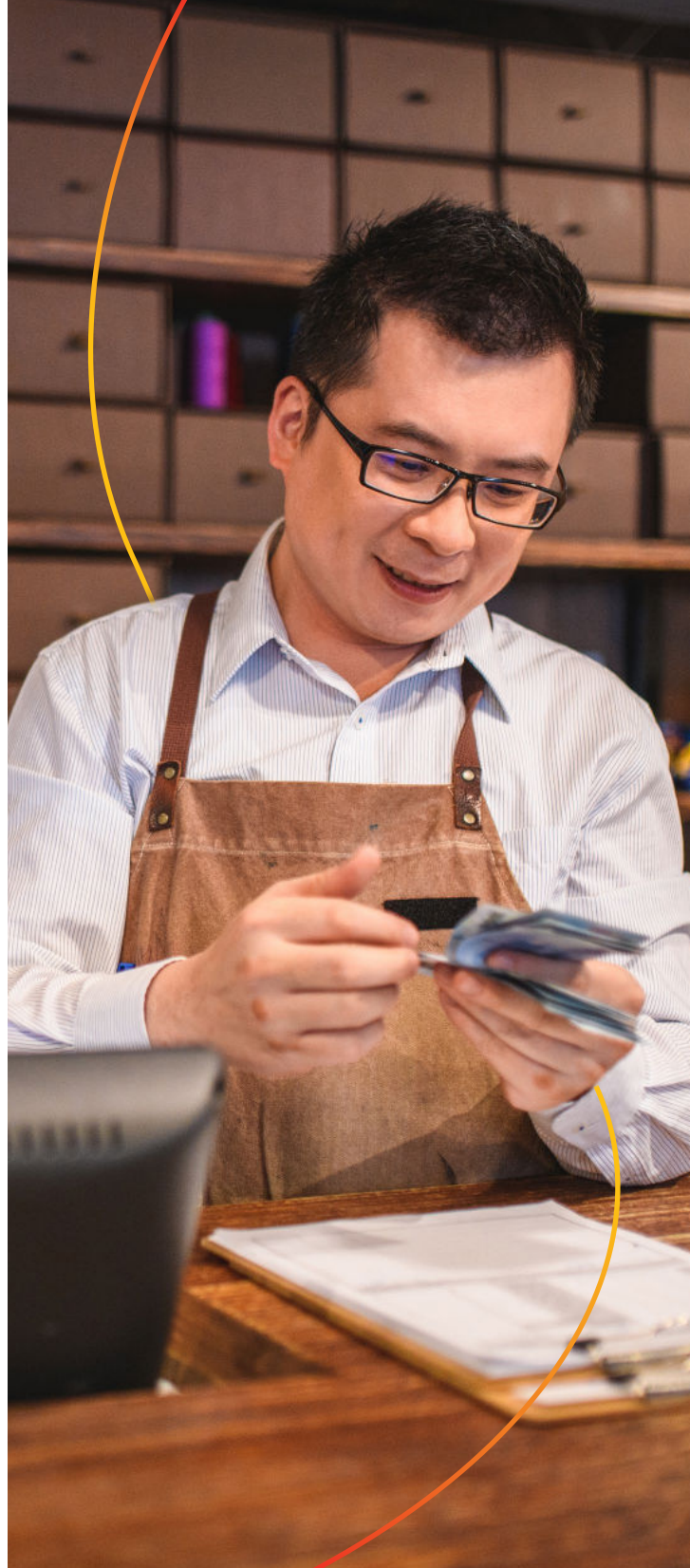
Other public data breaches have concerned them



Use a bank that has had a recent public data breach

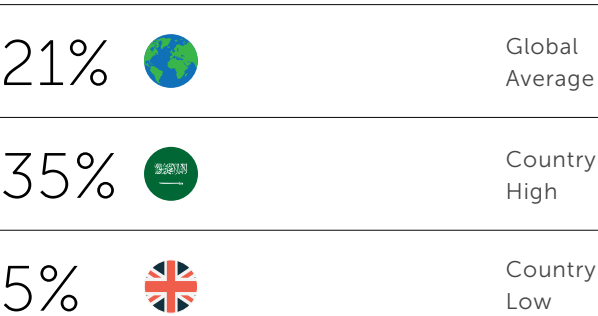


Have personally been a victim of a data breach elsewhere



On the Use of AI to Manage Personal Finances

RESPONDENTS WHO SAID THEY HAVE USED AN AI-ENABLED TOOL TO HELP MANAGE THEIR MONEY:



IMPORTANT TO NOTE

Of those respondents who stated they have used an AI-enabled tool to help them manage their money, make financial decisions or provide them with financial advice in the last 12 months, 96% were satisfied with the decision the tool provided.

A Reason for Caution

Despite high satisfaction amongst those who have used such services, the majority of respondents (57%) noted they would not feel comfortable acting on financial guidance recommended by an AI service.

A Reason for Optimism

Overall comfort with AI decreases in line with age, with nearly double the amount of those aged 18-34 saying they would be comfortable using it to manage their finances versus those aged 55+ (53% v. 25%).





03

How to Overcome Consumer Hesitancy Around AI

How to Overcome Consumer Hesitancy Around AI

DENNIS JOOSTEN

Head of Banking Practice, EPAM

MARY KIM

Partner Sales Specialist, EPAM

Unlike many other technologies that have emerged and faded over the last several decades, AI and — more recently — generative AI (genAI), are proving to be anything but a passing trend. Rather, they've ushered in a paradigm shift in banking operations, readily transforming foundational aspects of the industry. Already we see banks leveraging AI to automate back-office processes, generate detailed customer analytics, aid in fraud detection and facilitate a more seamless client onboarding experience.

Now banks are starting to pivot, looking beyond optimizing back office processes to the new types of experiences genAI can enable for their customers. Services like digital assistants, personalized financial planning and other customer-facing use cases are all within reach. But how do customers feel about it? Are they aware of the changes AI brings to their banking experience? More importantly, how should banks address customer concerns around AI and what impact should this have on their AI and technology strategies?

Most Customers Are Skeptical of AI in their Finances

According to our global survey, the vast majority of consumers are not yet engaging with financial tools that incorporate AI (i.e., gen-AI enabled assistants that can track expenses, answer queries about spending or provide advice) when it comes to managing their finances. Only 21% said they had knowingly used an AI-enabled tool to manage their finances, a number that rises to 30% when looking at those aged 18-34. Yet, while there may be a lack of adoption, there is no lack of enthusiasm among those who have tried it. Of that 21% who have used AI to manage their finances, 96% reported being satisfied with the decisions it made.

Still, consumers are hesitant. Of those we surveyed, 57% said they would not be comfortable acting on financial guidance provided by an AI service. Unsurprisingly, comfortability moved inversely with age, with 53% of those aged 18-34 stating they would be comfortable acting on financial guidance provided by AI versus just 25% of those aged 55+.

At the same time, we continue to see high consumer demand for personalized financial guidance and advice. In fact, 68% of respondents globally said they would like their bank to provide better financial education. Similarly, when asked what digital services they would deem most important to be offered by their bank in the next three years, 58% of our respondents would like different types of personalized investment planning advice. Due to the costs and expertise typically involved in providing investment planning advice, genAI will be key to providing these services at scale. But before consumers can embrace it, they need to be able to trust it.

How Education Can Unlock Opportunities for Innovation

The key for banks to build a competitive advantage in the AI space depends on how effectively and transparently they educate their customers on its benefits, security and impact. Without first addressing the issue of consumer hesitancy, any service offerings banks do deploy will likely suffer from limited rates of engagement, even if early adopters are as satisfied with the results as we saw in this survey.

One significant opportunity to address customer hesitancy lies in the physical branch experience. Our global survey showed that 86% of respondents have visited a branch in the last year, with 45% doing so at least monthly. This means banks have plenty of opportunities to engage in person with their customers and won't have to rely strictly on their digital channels for outreach and engagement.

5 Essential Steps for Adopting AI

As noted earlier, banks are currently readily adopting AI technology; however, to date, this adoption has mostly been confined to driving optimization within internal processes (i.e., fraud detection, customer analytics, etc.). However, given the prevalence of regulatory concerns – as well the customer attitudes noted above – banks can hardly be faulted for not yet readily deploying customer-facing services based on genAI. However, the success of banks will lie in their commitment to technological innovation and their ability to deliver personalized services – and AI and genAI are poised to play a significant role in that.

Banks that aren't already embracing AI need to begin taking incremental steps so that when customers are more comfortable with AI and genAI, they're more readily able to deploy customer-facing services. So where do banks start?

01

Leverage AI to optimize current processes and lower costs.

Start by examining back-office processes and determine those that could benefit from enhanced accuracy and automation. This is also a key moment for banks to ensure that their systems and architectures are up to the task of incorporating and leveraging the various sources of data throughout the organization that are necessary for these tasks.

02

Employ genAI to provide frontline employees with improved insights.

AI doesn't need to remain strictly in the back-office. Frontline employees, like customer service representatives, can leverage genAI tools to provide customers with better insights. For example, genAI can be used to improve call handling between virtual systems and live employees, offer service reps contextualized insights and even transform how routine tasks are processed on behalf of customers.

03

03

Improve customer understanding on AI.

By incorporating the prior two opportunities, banks will gain a better understanding of how to effectively leverage their data and establish protocols that ensure its protection. In addition, frontline employees will become more comfortable with AI, better able to speak to its impact and capabilities. However, during this phase it's also crucial that banks develop a strategy to communicate to their customers on exactly how AI and data are being used, the benefits to the customer and the steps being taken to protect their data.

05

Offer customers AI-enabled interaction.

As comfort and familiarity grow, banks can begin deploying more sophisticated AI-enabled experiences with more direct customer interaction, such as AI-driven customer service portals.

The good news is that we see in our survey results that banks currently enjoy a high degree of satisfaction and trust from their customers, with 83% globally expressing happiness and 81% trusting banks to keep their data safe. There's space for banks to harness that trust to deploy AI to provide unique and personalized services. However, if banks wish to drive forward with innovation and deploy AI on the front end, they will need to help customers understand how their data is being used, how it's being protected and how they personally benefit from the technology to better drive engagement.

04

Provide genAI-enabled insights to your early adopters.

Near the end of 2023, a **Neobank in Europe** began offering interested customers access to a genAI-based digital assistant capable of providing insights based on natural language queries like, "How much did I spend on restaurants last month? How did that compare to the previous month?" These sorts of services can act as a gateway to customers, helping them to overcome their AI hesitancy while simultaneously enabling them to better control their finances.





04

How Data Unlocks the Personalized Experiences of the Past

How Data Unlocks the Personalized Experiences of the Past

CHRIS TAPLEY

VP, Financial Services Consulting, EPAM

Fifty years ago, a customer, Mike, walks into a bank one morning after getting a cup of coffee at the diner next door. The teller, Donna, greets him with a pleasant hello, and asks him how his son is doing – she knows he just turned 15. Mike responds he's doing well, but he's more excited for next year when he can drive. Donna asks Mike if he's thought about buying a car. Mike replies that he's been thinking about it a bit, but he isn't sure where to start. Donna starts talking to him about his options.

Though interactions like this are far more infrequent today than they were 50 years ago, the consumer desire for personalized experiences hasn't gone

away. In fact, according to our research, 70% of those aged 18-54 say it's important to them to receive personalized recommendations and experiences based on their banking behaviors and needs. That number also climbs alongside income, with 77% of those making more than \$190,000 per year saying it's important.

As branch visits like Mike's become more infrequent (despite the shift to digital and online banking, **they haven't gone away completely**), how can banks replicate those human-centered experiences customers crave? The answer lies in technology – and more specifically, in data.

70%



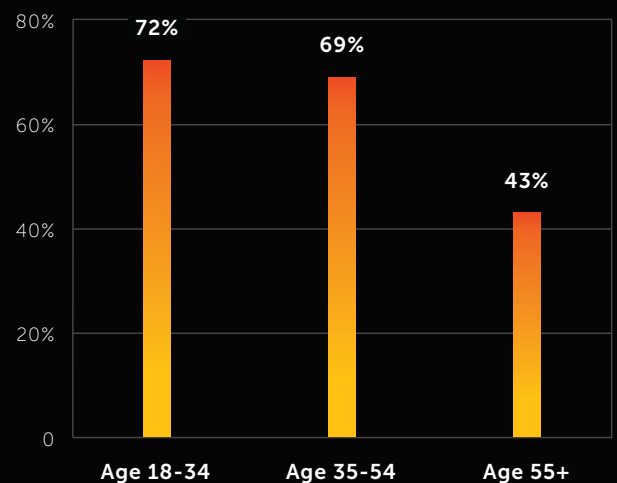
OF 18-54-YEAR-OLDS SAY IT'S IMPORTANT TO THEM TO HAVE PERSONALIZED EXPERIENCES

77%



OF THOSE WITH INCOME OVER \$190,000 SAY IT'S IMPORTANT TO HAVE PERSONALIZED EXPERIENCES

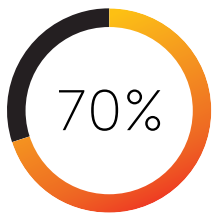
IT'S IMPORTANT TO ME THAT MY BANK OFFERS PERSONALIZED BUDGETING SUPPORT/MONEY MANAGEMENT GUIDANCE



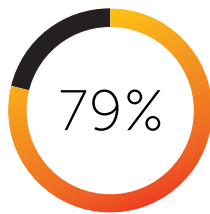
Leveraging Trust to Collect Data

As we've seen, people are not only happy with their banks (83%), but they trust them. Three-quarters (79%) of our respondents say they trust their bank to handle their finances, and 81% trust them to keep their data safe. High trust in the safety of their data is of key importance to consumers – and rightfully so. 91% say it is the most important thing a bank can do.

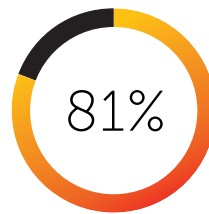
HOW MUCH DO YOU TRUST THE FOLLOWING?



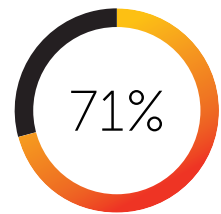
Banks in general



My current primary bank's ability to handle my finances



My current primary bank's ability to keep my data safe



My current primary bank's ability to invest my money in alignment with my goals

HOW IMPORTANT ARE THE FOLLOWING BANKING ABILITIES TO YOU?

76%

PROVIDE REAL-TIME ACCESS TO PRODUCTS OR SERVICES WHEN I NEED THEM

67%

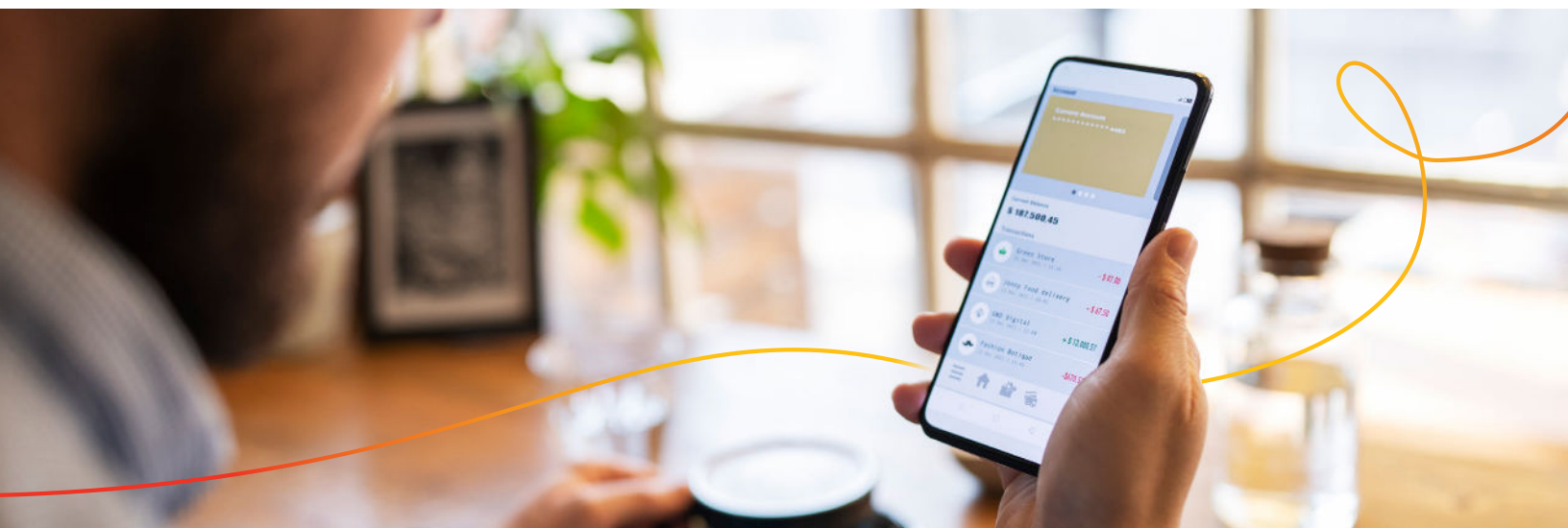
PROVIDE PERSONALIZED RECOMMENDATIONS TO ME BASED ON MY BANKING BEHAVIORS AND NEEDS

91%

KEEP MY DATA SECURE

63%

MAKE APPROPRIATE FINANCIAL DECISIONS ON MY BEHALF



So how can banks leverage all of this goodwill in today's digital era to create experiences like Mike's?

For starters, they need to collect data. Specifically, the goal of their data collection should be to learn more about customer habits, intentions, preferences and unmet needs. To find data that paints this picture will depend upon where the customer is located – and where the bank is operating, given the various privacy laws banks to which banks must adhere.

In an ideal world, however, banks would be leveraging three types of data:



Financial data that they have



Financial data that they do not have



Non-financial data

While the financial data that banks don't have may be of the most interest, even knowing what they don't know may provide incredible value. For instance, 25% of our survey respondents stated they use a third-party app to help with managing their finances. If a bank has a partnership with a popular budgeting app, it could learn that while a customer may have their primary account with the bank, they have two other accounts elsewhere. Knowing that information is valuable to understanding the customer's holistic financial portrait.

25%

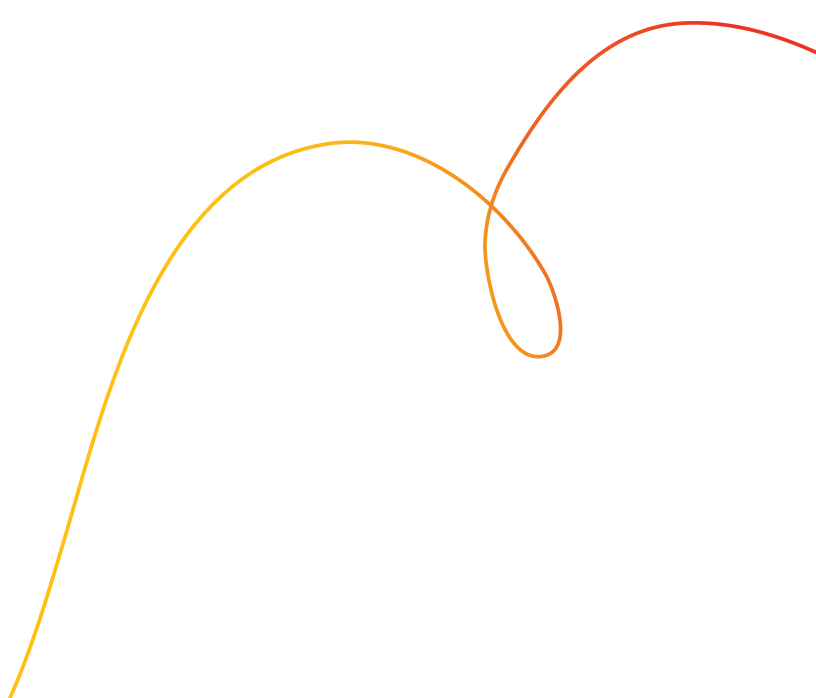
OF CONSUMERS USE A THIRD-PARTY APP TO HELP WITH MANAGING THEIR FINANCES

However, banks shouldn't just be paying attention to financial data. Similar to Mike's situation, they need to be looking at household data and life events. A budgeting app isn't going to tell them when his son's birthday is.

So, where do they find that data? In regions like North America – where it's legally possible to do so – one interesting place to start is social media.

By asking customers to opt in – and strictly complying with local and national regulations – banks could learn more about customer intentions that may not be obvious through their finances. For instance, they could see that Mike went to a party supplies store through his financial statement, but if they had access to his social media – with his consent – they could easily see that he wished his son a happy 15th birthday.

As we can see, there are a number of sources from which banks can collect data. That said, it's not enough for banks to simply collect this data; they need to act on it – and act on it responsibly.



The Role of AI

To provide those personalized, human-centered experiences customers crave, banks need the technology in place to do it – and to do it at scale. Specifically, banks need to employ AI, genAI and machine learning (ML) to generate valuable insights from their data.

Incorporating AI not only enables efficient and sophisticated data analysis but also takes customer personalization to a new level. AI can be leveraged to learn the method of communication they want, how often they want to be communicated with and to share content and advice with them that is timely and relevant. Of course, this won't replace the human touch, but it will undoubtedly enhance the process and ensure accuracy.

How Responsible is Your Use of AI?

Take our complimentary, 15-minute assessment to understand what you should consider when it comes to responsible AI development. Receive a comprehensive breakdown of your responses and mitigation recommendations designed to pinpoint areas of improvement for your organization.



TAKE THE ASSESSMENT

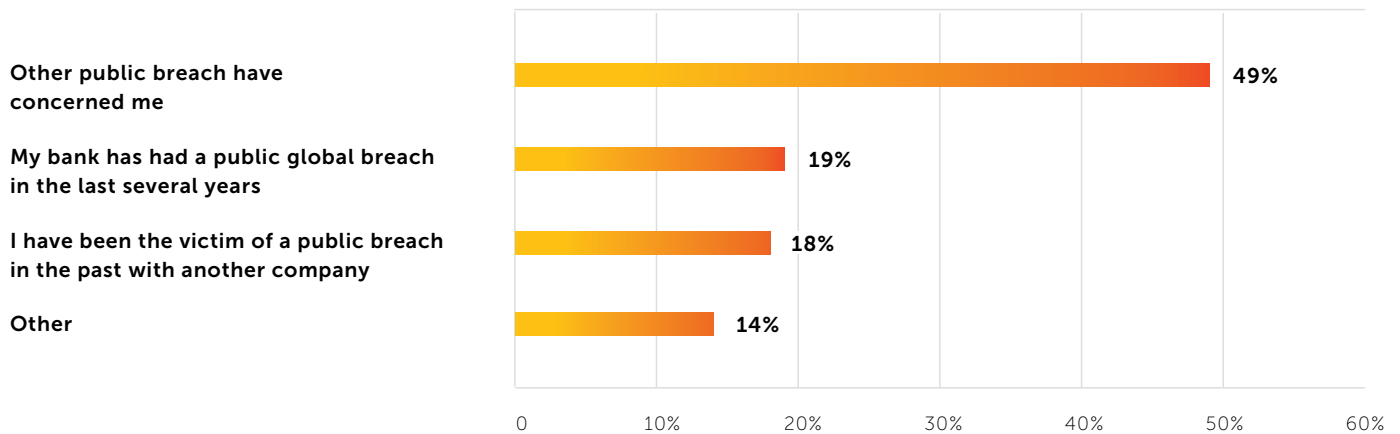
rai.lab.epam.com



Exercising Restraint & Displaying Transparency

As hard as it was to build this high level of trust, it's much easier to lose it. Among those few respondents who don't trust their bank, 49% note other public data breaches have concerned them, 19% are with a bank that has had a public data breach in the last several years and 18% have personally been the victim of a data breach with another company.

WHY DON'T YOU TRUST YOUR BANK TO KEEP YOUR DATA SAFE?



To be sensitive to this, banks need to exercise caution in employing these tactics and be transparent about data collection and usage at every step of the way. Aside from rigorously following all legal and compliance regulations of the jurisdictions in which they are operating, banks need to collect only the data that is most relevant to learning about their customer, providing them plenty of opportunities to opt in or out. And, when they learn of a sensitive life event, it's important that they contact them only when appropriate and abstain from sharing any of this data outside of the organization.

Banks also need to share why they are collecting customer data and what the ultimate benefits are to the customer. Through this outreach and education, banks can create higher rates of trust while also encouraging more data sharing as customers better understand the benefits offered to them. In fact, 60% of those who trust their bank say they are willing to share their data with them.

To create human-centered experiences, it's vital that banks appropriately employ technology to collect, analyze and act on customer data. By doing so, banks can create the kind of personalized experiences – like Mike's experience with his bank – without requiring them to even set foot in a branch.



05

Instant Payments, Innovation & Composable Banking

Instant Payments, Innovation & Composable Banking

DENNIS JOOSTEN

Head of Banking Practice, EPAM

ALISTAIR BROWN

VP, Open Banking and Payments, EPAM

Today's customers are more digitally engaged with their banks than at any other point. As our research showed, 29% of customers use their banking app daily and an additional 35% do so weekly. Beyond just digital engagement, customers have expectations for the types of services they expect their banks to deliver. Over the next three years, 64% of consumers say it's important that their bank provide them access to a digital banker or concierge. A full 78% stated instant payments are the most important feature their bank could offer them.

However, in order to deliver on the needs and expectations of today's digital-first consumers, banks need to devise the appropriate technology architectures to deliver the always-on, hyper-personalized experiences consumers demand. To understand the scope of this issue and determine how banks can bridge this divide, EPAM's Dennis Joosten and Alistair Brown discuss.

THE DIGITAL SERVICES CUSTOMERS DEEMED MOST IMPORTANT IN THE NEXT THREE YEARS:

Instant payments	78%
Digital access to banker or concierge	64%
Ability to integrate other financial info into a single platform	62%
Personalized budgeting support/money management guidance	62%
Integration with Apple/Google pay	58%
Automated goal and/or investment planning advice	58%
Carbon footprint tracking	53%
Digital AI assistant	51%
Access to banking features through voice assistants	46%
Augmented reality and/or virtual reality services	46%

In terms of retail banking, what does composable mean and what is the role of instant payments in that?

Alistair Brown: Composable banking proposes a kind of modularization of the bank's technology stack. In other words, it's a complex tower of component parts. But at its base, composable banking is using microservices technology to create a nimbler core architecture.

Dennis Joosten: That's correct. Adding instant payments to a traditional legacy banking system overlaid with modern components – as is typical of most established banks – can be quite complex, as it's so different than existing payment schemes. A composable architecture is necessary to accommodate instant payments. It's also worth noting that features like instant payments can act as a catalyst for composable banking as you've got these new features entering the market. Banks need a way to accommodate and work with them.

AB: To be clear, instant payments are really a new type of infrastructure that banks will need to accommodate, but it's an infrastructure that will push the evolution of banking forward.

According to our survey, 78% of customers said that instant payments were going to be the most important digital feature their bank could offer in the next three years.

The second most important was digital access to a banker or concierge, as noted by 64% of our respondents. What is driving this demand and how can banks leverage it to create a competitive advantage?

AB: It's a very exciting time for banks because, as I said, new instant payment infrastructure should help drive banking innovation. With the commoditization of banking products – a loan is a loan, after all – banks will need to compete via their services and in making those offerings unique and impactful if they want to be genuinely competitive.

“ But when new instant payments infrastructure is adopted – be it by a country or a region – it raises the technological capability of the whole set of banks there, assuming they have composable architectures capable of leveraging those new systems. This drive toward innovation will give banks the opportunity to differentiate their services from one another by overlaying those services on top of the instant payments' infrastructure.”



ALISTAIR BROWN

VP, Open Banking and Payments

Let's explore that a bit. From a generalized perspective, what implications will all this innovation have on the tech stacks of banks?

DJ: From the perspective of instant payments, it means banks need systems capable of real-time access, 24/7. And those systems need to be resilient, secure and everything that comes along with that.

AB: That's right. It means banking will finally reach the same expectations that today's younger generations demand from their mobile phone, where everything is always on, always available night and day, every day of the year, without fail.

DJ: And, of course, along with that access comes the need for controls. Banks need to be able to instantly detect fraud. They need to instantly detect money laundering and have appropriate protections in place for consumers.

AB: Very true, and this could easily morph into a conversation on AI, as one of the most significant areas where banks are using AI is in fraud detection – crunching data from many different sources into one space and anticipating fraudulent behavior.

Retail banking has the potential to become a lot smarter as a result. We always tend to think of the FinTechs and the tier-two banks as being more experimental than the tier-one banks.

A personal anecdote, but I was in Poland recently on a business trip. The first thing that happened within half an hour is I got a call from my bank saying, "Your cards have been blocked because they've all gone to Poland." And I said, "Yeah, that's because I took them to Poland." I didn't actually say that last part because it was a nice guy on the phone.

Basically, I had to walk the streets of Warsaw for an hour without any local cash while I tried to convince a customer service representative I was in possession of my wallet. But the point is, the FinTechs have already solved for this – using data and AI to anticipate and predict fraud. It takes time though to feed those innovations through to the tier-one banks, as many times their systems aren't geared to easily adopt and integrate these services.

We saw that 76% of respondents state that it's important or very important that their bank provide real-time access to products and services. We also saw that 67% of respondents said that it's important or very important their bank provide personalized services based on their banking behaviors and needs.

What steps do banks need to take to be in a position to meet that demand?

AB: I continue to find this problem fascinating because, on the one hand, you've got open banking and data sharing. On the other, you've got GDPR protecting the consumer because there has to be certain privacy around data – and these two notions are absolutely divergent.

DJ: There's a really fine line as to what banks can do in personalization. What we typically see is the FinTechs and challenger banks pushing the envelope here – driving innovation – and incumbent banks leveraging the best of those innovations once they are proven.

“ It takes a composable architecture to analyze the data, share it throughout the organization to relevant areas – safely and securely – and act on it accordingly to create these personalized customer journeys.”



DENNIS JOOSTEN
Head of Banking Practice

From the data, we see that younger customers as well as those with higher incomes are more likely to feel comfortable with less traditional banking, like banking with a fully digital bank or a bank that offers digital access to a concierge. What steps should banks take to be successful in acquiring these sorts of customers?

AB: I see this as largely an extension of the personalized customer journey, providing education to customers at critical moments – something banks can't do if their systems can't support it.

DJ: Correct. From a global metric, we saw that customers aren't really switching their banks. Only 9% of customers actually switched banks over the last year, despite 30% saying they would be willing to in the next year. When customers do switch, it's usually driven by some sort of life event – getting a new job, buying their first house and so on. But, actually, there's one lifecycle event that really stands out where people choose their primary bank, and that's when they turn 18 and a friend or family member recommends a bank to them.

9% 

OF CUSTOMERS SWITCHED BANKS OVER THE LAST YEAR

30% 

SAY THEY WOULD BE WILLING TO CONSIDER SWITCHING BANKS IN THE NEXT YEAR

AB: Yes, it's about personalized outreach and education on the bank's products and services, and, of course, having the backend systems capable of driving that. Back when I was opening my first bank account, I stood in a queue at Cambridge University with some of the brightest people of my generation, and one guy three steps ahead turned to me and said, "Do you know how this stuff works? Because I don't." I'm still with that bank, to Dennis's point.

This brings up another great point we saw reflected in the survey – 25% of all respondents said that they're using third-party apps to manage their finances. Is there a way for banks to recapture this disintermediation?

DJ: At the end of the day, banks need to bring some of this functionality back in-house, especially with the unbundling trends we're seeing. You have your primary bank but also some specialized accounts where you have high yields and so forth. This really speaks to the heart of open banking. It's about collecting and managing that data to gain the complete picture of the customer's financial life. It's modern, agile banking systems that make open banking happen.

AB: The pace of change across the entire globe is now absolutely fascinating. But not every bank is starting from the same footing. The level of sophistication is going to be different from place to place. It's one thing to look at these trends globally, but it's also important to understand where global meets local, so to speak. That said, open banking – and the composable banking that fuels it – should be something every bank engages in, either to deliver on the customer expectations we see in this research or to become more competitive in their market.



06

Stewards of Knowledge: How the Branch Can Usher in the Teller of the Future

Stewards of Knowledge: How the Branch Can Usher in the Teller of the Future

CHRIS TAPLEY

VP, Financial Services Consulting

Regardless of industry, people largely choose to shop with companies for two reasons: the pricing of their services or products and the strength of their customer service. The same is true of banking. Of our 83% of respondents who answered that they were happy with their banks, the number one reason was due to great customer service (46%) followed by a strong reputation with the wider public (29%). Similarly, of those 17% who were unhappy with their banks, they said their happiness could improve if offered better rewards and incentives (38%) or if there was better customer service (32%).

These answers would be unsurprising to any executive in any industry trying to learn more about their consumers' motivations. However, what might shock them is the importance customers place on access to local branches.

32% 

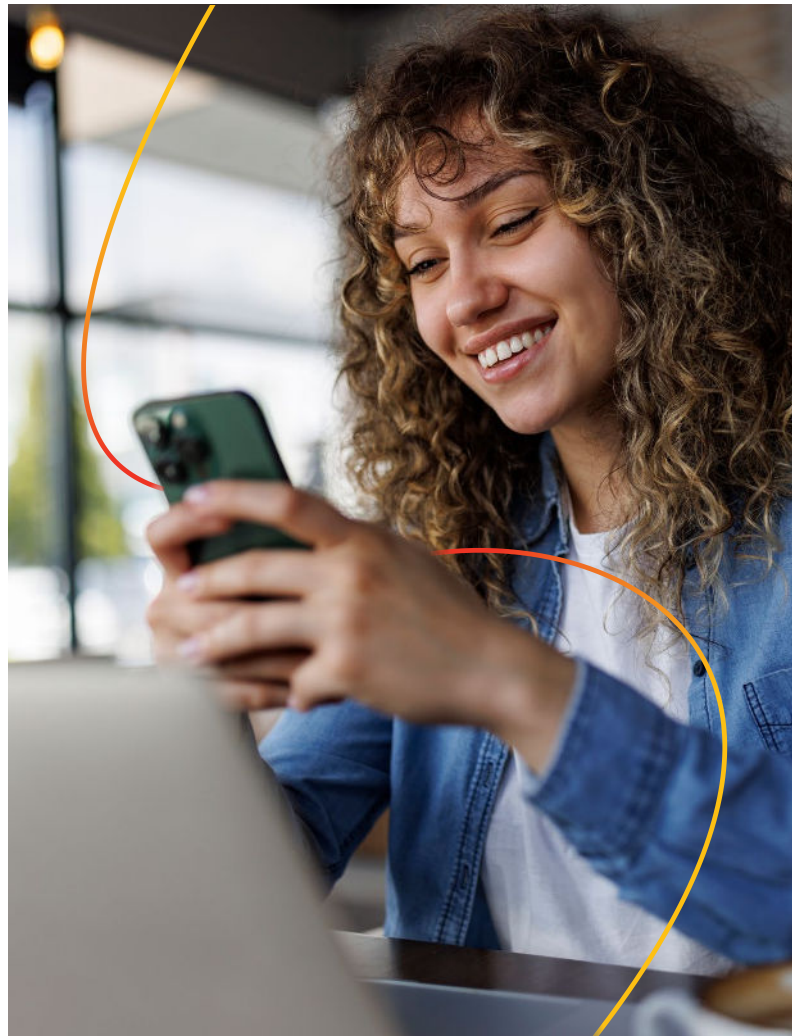
OF THOSE CUSTOMERS WHO ARE UNHAPPY WITH THEIR BANK, NEARLY ONE THIRD OF THEM SAID THEY WOULD BE HAPPIER WITH THEIR BANK IF THEY OFFERED BETTER CUSTOMER SERVICE

46% 

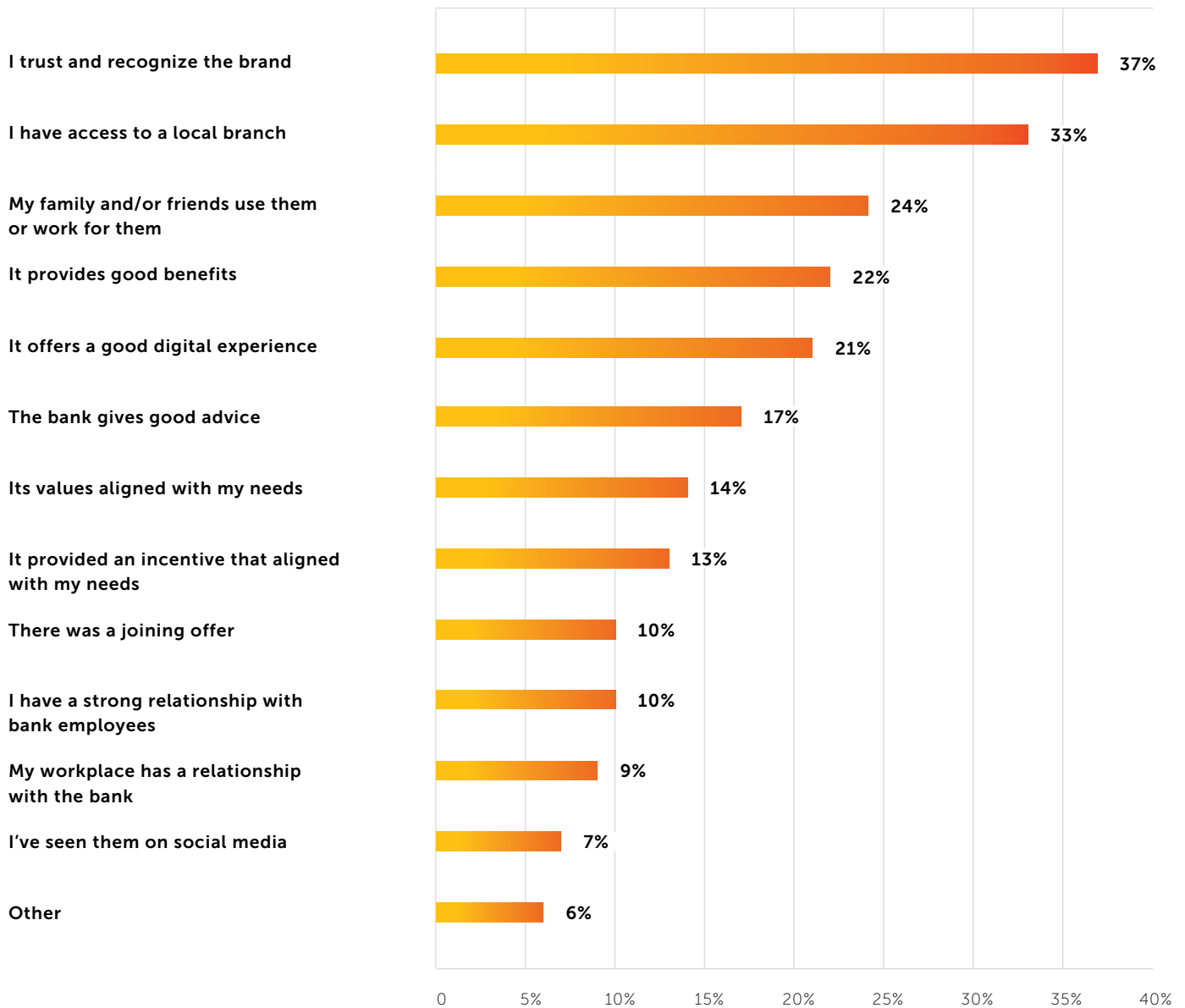
OF THOSE WHO WERE HAPPY WITH THEIR BANK, NEARLY HALF SAID IT WAS DUE TO STRONG CUSTOMER EXPERIENCE

29% 

CITED A STRONG REPUTATION WITH THE WIDER PUBLIC AS THEIR REASON FOR THEIR HAPPINESS WITH THEIR BANK



WHY DID YOU CHOOSE YOUR CURRENT PRIMARY BANK?



In fact, with 33% of respondents selecting this answer, it was the second most popular reason – after brand recognition and trust (37%) – for choosing the bank with which their current primary account resides. It also came in as the third largest reason people were happy with their banks, with 28% of respondents saying it was due to a strong physical presence in the area.

Even for those who said were unhappy with their bank, 18% of them said their happiness would improve if their bank had a stronger physical presence. Surprisingly, this is the fourth year in a row that we've seen similar numbers on the importance of a local branch presence – ranked more important by consumers than things even like a seamless digital experience. But why? Are they actually using their branches? And if so, for what? How can banks optimize this experience in a way that makes sense for both the bank and the customer?

How Are Customers Using Bank Branches?

When it comes to customer preferences for interacting with their bank, via mobile app is the clear winner, with 29% of our global respondents reporting they use a banking app daily and another 35% doing so weekly. This is followed by the bank's own website, with 18% using it daily and an additional 36% doing so weekly.

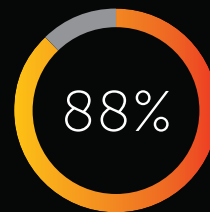
86%

**HAVE USED A PHYSICAL BRANCH
IN THE LAST YEAR**

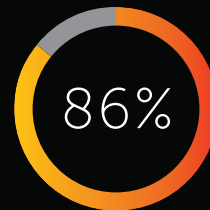
The most common reason for going to the branch was to utilize a service that most, if not all, banks offer online: deposits. In fact, 31% of all respondents – and 29% of respondents aged 18-34 – cited this as their primary reason for going to their banks, despite most being aware that it was a service they could access online. So why go to a branch to do it? A majority of respondents felt it was simply easier to do face-to-face (54%). The same goes for those who used their branch to get financial guidance, open an account, make a complaint, manage their money, check account details, make a payment or simply seek other generalized help and support.

Yet, despite a **general decline** in the number of **brick and mortar bank locations**, banking at physical branches still plays a significant role – 86% of all respondents stated they have used a physical branch in the last year.

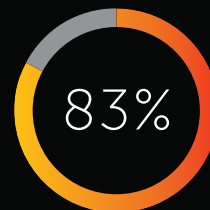
CONSUMERS WHO HAVE USED A BRANCH IN THE LAST YEAR:



Respondents aged
18-34



Respondents aged
35-54



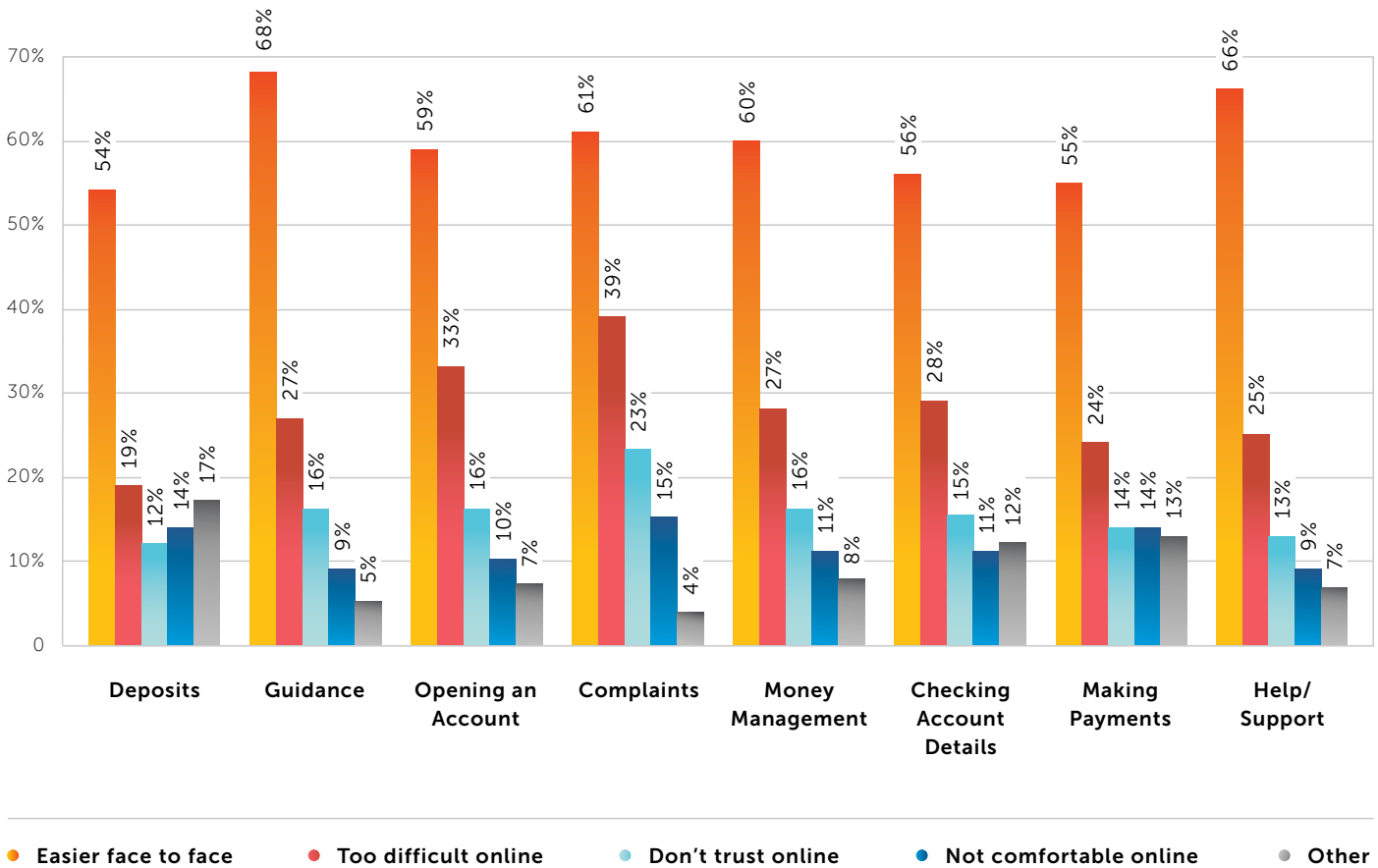
Respondents aged
55+



IMPORTANT TO NOTE

Perhaps most surprisingly, however, is that those aged 18-34 are the most likely to have banked in a branch over the last 12 months (88%). But, why?

REASON FOR CHOOSING BRANCH FOR SERVICES (% WHO USED BRANCH):



Despite the ubiquity of these service offerings via digital channels, many consumers still believe it's easier to bank in person. If banks are going to differentiate themselves through their digital services, they need to make them easier to use – or they need to show customers just how easy they are to use.

Creating a Better Digital Strategy with CORE

CORE, an EPAM company, is a technology think tank that leverages market knowledge, in-depth technology expertise and high methodological competence to develop innovative IT strategies and help transform legacy banking architectures.

Learn more about how CORE can help you leverage technology to create better customer experiences:

[CORE.SE/en](https://core.se/en)

Bankers as Educators

With such strong, continued customer perceptions around the criticality of a local presence, bank branches aren't going away anytime soon. So, how can they be best used? The answer lies in education.

68% 

**WANT BETTER FINANCIAL EDUCATION
FROM THEIR BANK**

66% 

**WANT THEIR BANK TO GIVE THEM ADVICE
ON HOW TO MANAGE THEIR MONEY BETTER**

With 86% of consumers using their banks at least annually, there are a lot of opportunities for bankers to provide in-person support. Banks can leverage these in-person interactions to educate customers about the simplicity of digital services – and show them how personal these digital experiences can be. For instance, when it comes to depositing checks, bankers have the opportunity to discuss their processes and explain how there is little difference between how the bank processes checks deposited physically in the branch versus digitally by a customer via mobile app. After all, the bank is using the same technology with the same security considerations regardless of delivery format.

By demonstrating the equivalence of in-branch and online systems, customers can be guided through the ease of digital self-service, ultimately saving time and enhancing convenience. However, branch employees need to be empowered with that knowledge and training. If done well, this can lead to higher engagement and ultimately a stronger competitive advantage.

It goes beyond educating consumers on the bank's own products, however. Bankers need to educate their customers on finances in general to give them the guidance they so clearly crave. Based on the results of our survey, over two-thirds (68%) said that they would like their bank to provide better financial education, with a similar number (66%) wanting their bank to give them advice on how to manage their money better.

When looking at what features consumers deem most important for banks to offer over the next three years, digital access to a banker or concierge (64%) and personalized budgeting support and money management guidance (62%) came in second and third, behind instant payments (78%). These services are where the digital and human experience collide. To meet these demands, bankers need to see technology as an enabler for creating human-centered experiences – not in competition with it. This is what is at the heart of the next evolution in banking.



Building Trust as Educators

As we've seen throughout this report, people trust their banks – but they're hesitant when it comes to the technology their bank is built upon.

Take, for example, the banker who is educating their client on how branch deposits are processed versus mobile deposits. 26% of our respondents stated they chose to use a branch for deposits because they weren't comfortable using an online channel or they didn't trust doing so online. If bankers can demonstrate that the same precautions are taken regardless of channel, then they can create a sense of comfort among customers.

We see a similar hesitation on the part of consumers when it comes to **embracing AI** in their finances. As noted elsewhere in this report, many don't trust AI to make financial decisions on their behalf.

Yet, those who have actually – knowingly – used it were overwhelmingly satisfied with its results. If bankers can teach their clients about the ways in which AI can benefit them – and demonstrate transparency around how these products are leveraging data – customers may be more open to embracing these services. This has the potential to deliver a more personalized banking experience.

Traditionally, the role of bankers was primarily to facilitate transactions and sell products. However, a paradigm shift is underway. As banks rethink the role of branches, bankers need to be empowered to see themselves as stewards of knowledge that can bridge the chasm between banking's personalized past and its digitally-enabled future.





07

CONCLUSION

Leveraging This Report to Build a Competitive Advantage

CONCLUSION

Leveraging This Report to Build a Competitive Advantage

As our research shows, there are plenty of opportunities for banks to create and deliver the types of experiences consumers demand. Those banks that manage to weave a human element into their digital services to reduce friction and grow customer relationships will be best positioned in the years to come.

To be successful in these efforts, banks need to ensure they do the following:

01

Meet the customer where they want to be met.

Despite knowing that a majority of the bank's services are available online, 86% of consumers have used a physical branch over the last year, and 45% do so monthly. Banks need to take steps to better educate customers on their digital tools and services and find ways to make those experiences human-centered in order to drive adoption. Actions like connecting customers to a banking concierge when they encounter friction digitally or leveraging AI to adapt the app experience to customer usage habits could go a long way toward driving digital adoption.

02

Understand the impact of trust and transparency.

While the overwhelming majority (83%) are happy with their primary banks, a significant number of respondents (30%) stated they still would consider changing banks in the next 12 months. Consumers resoundingly agreed (91%) that protection of their personal data was the most important capability their banks could offer. With that in mind – along with customer apprehension of emerging technologies like AI – banks must remain hyper vigilant in protecting consumer data. Equally as important, they must communicate how they are using their data and keeping it safe as well as how the use of this data helps create a better customer experience.

03

Continue pursuing personalization.

Customers have repeatedly shared that they crave more knowledge. This year, 68% of respondents stated they would like their bank to offer better financial education and 66% stated they would like their bank to provide advice on how to manage their money better. Banks will need to effectively leverage data to personalize these services and make them relevant and impactful.

04

Embrace AI.

Nearly half (46%) of those respondents who said they were happy with their bank said it was driven primarily by good customer service. On the flip side, nearly a third (32%) of those who said they were unhappy with their bank said their happiness could improve if they were provided better customer service. To do that, banks need to use technology to put the human at the center. Specifically, they need to use AI.

AI has the ability to provide customer service at scale by connecting customers to bank reps when they encounter issues in the digital experience, providing customer service representatives with insights on customer emotions and even generating responses to customer concerns, among others. On the customer side, 51% of respondents stated they would like their bank to provide access to an AI-powered digital assistant to help manage their finances in the next three years, and 96% of customers who have used AI to help manage their finances stated they were happy with the results. With all of this in mind, the time is here for embracing AI – or risk losing out to your competitors.

05

Ensure your systems are up to the task.

When asked which services they deemed important their bank offer in the next three years, the most popular choice by consumers was instant payments (selected by 78% of respondents). Nearly two-thirds (64%) wanted digital access to a banker or concierge. And as previously noted, consumers have a voracious appetite for personalized guidance and financial education. It's imperative for banks to have agile, cloud-enabled architectures that can rapidly integrate and scale the sort of services consumers demand.

If banks can implement these steps, they'll have a leg up when it comes to differentiating through their service offerings, improving the customer journey and growing share of wallet.

However, much of this work is predicated on the notion that the bank is properly tooled and its systems architected in a manner capable of delivering these data-driven, always-on experiences.

Need **support** applying these lessons to your bank's unique technology and customer experience strategy?

[Contact us](#)



Methodology

The data published in this report is based on a survey of **9,000 adults** aged 18+ in Australia, Canada, Germany, Hong Kong, Italy, Saudi Arabia, Singapore, the United Kingdom and the United States. The survey was conducted between October 23 and October 27, 2023. Survey data was collected in partnership with Opinium Research. Data analysis was conducted by EPAM consultants, undertaking cluster analysis to construct needs and attitudes-based segmentation of the audience, analyzing variations in motivation, attitudes, needs and expectations between each segment.

COUNTRY:

Australia	1,000
Canada	1,000
Germany	1,000
Hong Kong	1,000
Italy	1,000
Saudi Arabia	1,000
Singapore	1,000
United Kingdom	1,000
United States	1,000

GENDER:

Female	50.6%
Male	49%
Non-binary/ prefer not to say	.4%

AGE:

18-34	34%
35-54	38%
55+	28%

About EPAM

Since 1993, EPAM Systems, Inc. (NYSE: EPAM) has leveraged its advanced software engineering heritage to become the foremost global digital transformation services provider – leading the industry in digital and physical product development and digital platform engineering services.

Through its innovative strategy; integrated advisory, consulting, and design capabilities; and unique ‘Engineering DNA,’ EPAM’s globally deployed hybrid teams help make the future real for clients and communities around the world by powering better enterprise, education and health platforms that connect people, optimize experiences, and improve people’s lives. In 2021, EPAM was added to the S&P 500 and included among the list of Forbes Global 2000 companies.

Selected by Newsweek as a 2021, 2022 and 2023 Most Loved Workplace, EPAM’s global multidisciplinary teams serve customers in more than 50 countries across six continents. As a recognized leader, EPAM is listed among the top 15 companies in Information Technology Services on the Fortune 1000 and ranked four times as the top IT services company on Fortune’s 100 Fastest Growing Companies list. EPAM is also listed among Ad Age’s top 25 World’s Largest Agency Companies for three consecutive years, and Consulting Magazine named EPAM Continuum a top 20 Fastest Growing Firm.

Learn more at [EPAM.com](https://www.epam.com) and follow us on Twitter [@EPAMSYSTEMS](https://twitter.com/EPAMSYSTEMS) and [LinkedIn](https://www.linkedin.com/company/epam).

EPAM’s banking team, including EPAM and CORE consultants, excels in guiding financial transformations and ensuring compliance and security in the banking sector. Our expertise extends to digital transformation, where we design customer-centric digital banking solutions and engineer advanced banking platforms.

Our banking team includes:



PANOS ARCHONDAKIS

Global Head of Banking and Wealth Management, EPAM



ALISTAIR BROWN

VP, Open Banking and Payments
EPAM



FABIAN MEYER

Managing Partner
CORE SE



DENNIS JOOSTEN

Head of Banking Practice
EPAM



MARY KIM

Partner Sales Specialist
EPAM



DANA MCCLURE

Managing Principal, Business Consulting
EPAM



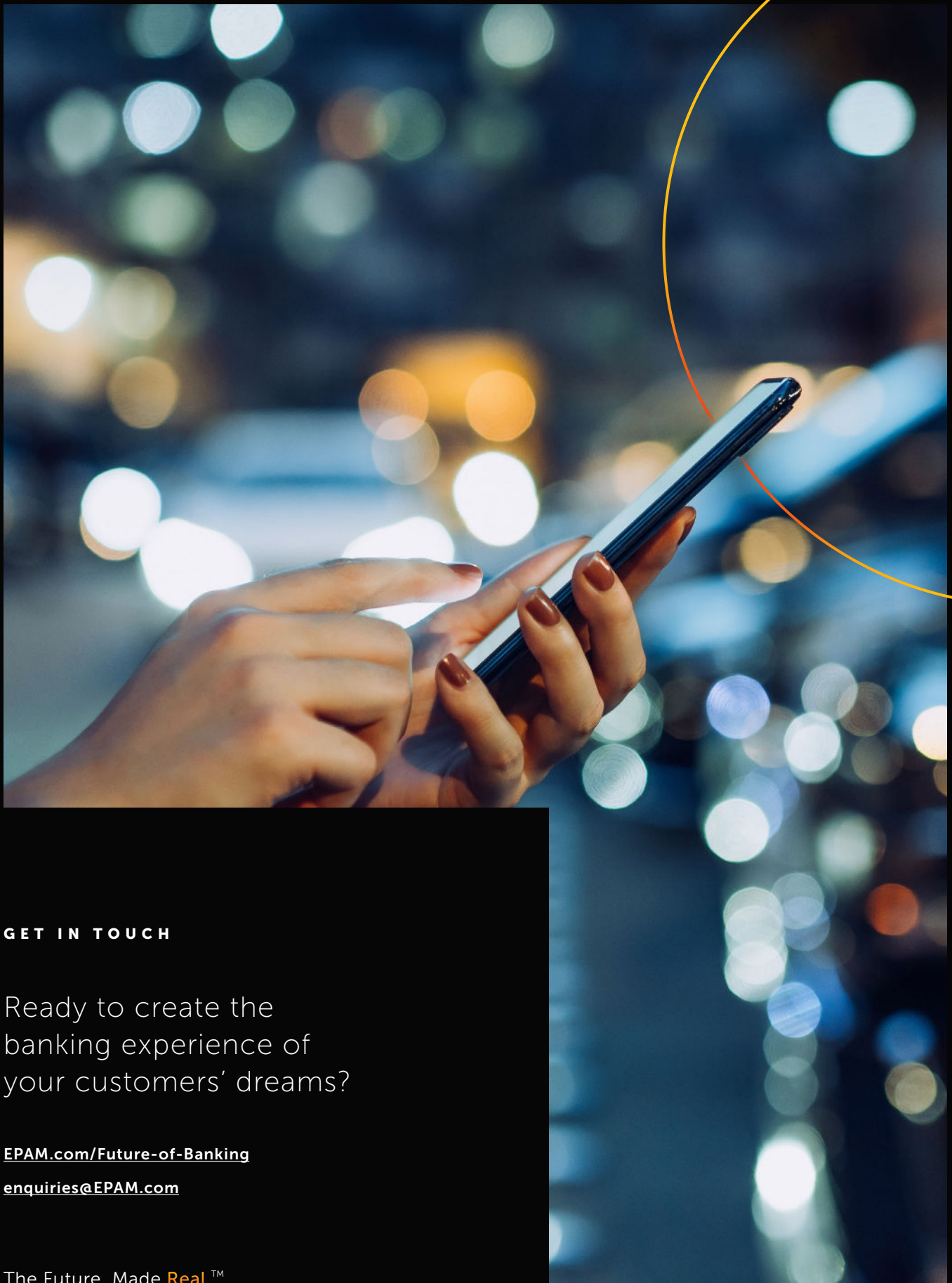
MICHAEL NICHOLLS

Principal, Financial Services Consulting
EPAM



CHRIS TAPLEY

VP, Financial Services Consulting
EPAM



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