

The Future of Retail Banking: Growth Strategies in an Age of Industry Convergence

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THE FINANCIAL BRAND

FORUM



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Kristin is a Managing Director and leader of Deloitte's Retail Banking practice. She advises her clients on front to back-office business and operating model enhancement to improve efficiency, productivity, reduce cost or in response to a transaction or event.

Kristin started her career on the front line in branch sales & servicing roles. She then spent several years as a consumer deposit and specialty prepaid product manager, responsible for product development, P&L management and designing & implementing channel, distribution and servicing strategies.

Who believes the future of retail
banking holds...



Branch-less banks? Is the branch as we know it dead?

Banker-less banks? Are the bots taking over?

Could we EVER be a cash-less society?

What about check-less?

Border-less banks?

Bank-less?

A silhouette of a person standing on a rock against a starry night sky.

Our world is being redefined by the convergence of connected experiences, and retail banking is evolving around three shifts

1 Customers are Changing



Hyper-
Personalization



Always-On
Expectation



Cross-sector
Inspiration

Customers expect customization, transparency, shared values, community, and an experience in line with the best of other sectors

2 Ecosystem is Expanding



Partnerships
& Alliances



More
Channels & All
the Channels



Competitors &
Challengers

Retail Banks must compete in a broader marketplace filled with challenges & opportunities beyond traditional banking boundary lines

3 Technology is Advancing



Age of AI



New Cores in
the Cloud



Digital
Assets
Abound

Technology's accelerating pace of change continues to reshape retail banks' available capability set and create new transformation opportunities

These market shifts have been gradual, but the impact is clear

1 Customers are Changing

- *72% of customers engage only with **personalized messaging**¹*
- *71% of customers prefer **digital channels** as their top way to bank²*

2 Ecosystem is Expanding

- *46% of customers are willing to **bank with big tech companies**³*
- *83% of banks are **partnering with Fintechs**⁴*

3 Technology is Advancing

- *40% of financial services companies rely on **machine learning** for **fraud detection** and **financial forecasting**⁵*
- *47% of banking executives say they are in the **proof-of-concept stage** of **gen AI implementation**⁶*

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Source: 1. [BAI](#); 2. [ABA](#); 3. [Emarketer](#); 4. [Deloitte](#); 5. [S&P Global](#); 6. [PRNewswire](#)

Banks now serve customers who expect personalized treatment, engage anytime, and are strongly influenced by other sectors

Customers are Changing

HYPER-PERSONALIZATION



Customers are **increasingly rate-sensitive and open to shopping**, looking for banks to cater to them as a **segment of 1**

ALWAYS-ON EXPECTATION



24x7 availability has become table-stakes for retail bank customers, requiring ready access anytime and anywhere

CROSS-SECTOR INSPIRATION



Experiences in retail, tech, and hospitality have raised the bar for retail banking customer expectations of ease, convenience, and delight

New types of partners, channels, and competitors are proliferating around the ecosystem – it's not just the branch around the corner

Ecosystem is Expanding

PARTNERSHIPS & ALLIANCES



FinTechs are no longer just competitors, and **cross-industry partnerships** unlock broader capabilities & newly **integrated solutions**

MORE CHANNELS & ALL THE CHANNELS



Retail banks' routes to market for sales & service have **multiplied customers' options**, but also **multiplied complexity**

COMPETITORS & CHALLENGERS



New **non-bank competitors** continue emerging, and challengers threaten to **unbundle the retail model**

In the age of AI, with advanced core platform options and digital infused all over, all retail banks must be FinTechs – or else

Technology is Advancing

AGE OF AI



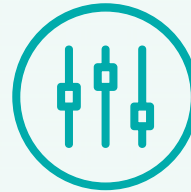
With more **advances in data & analytics, generative AI continues to push boundaries** of productivity, creativity, and speed – but it's not perfect

NEW CORES IN THE CLOUD



More dynamic platforms with **component architecture, scalable capacity, and flexible customization** – for banks that can invest

DIGITAL ASSISTANTS ABOUND



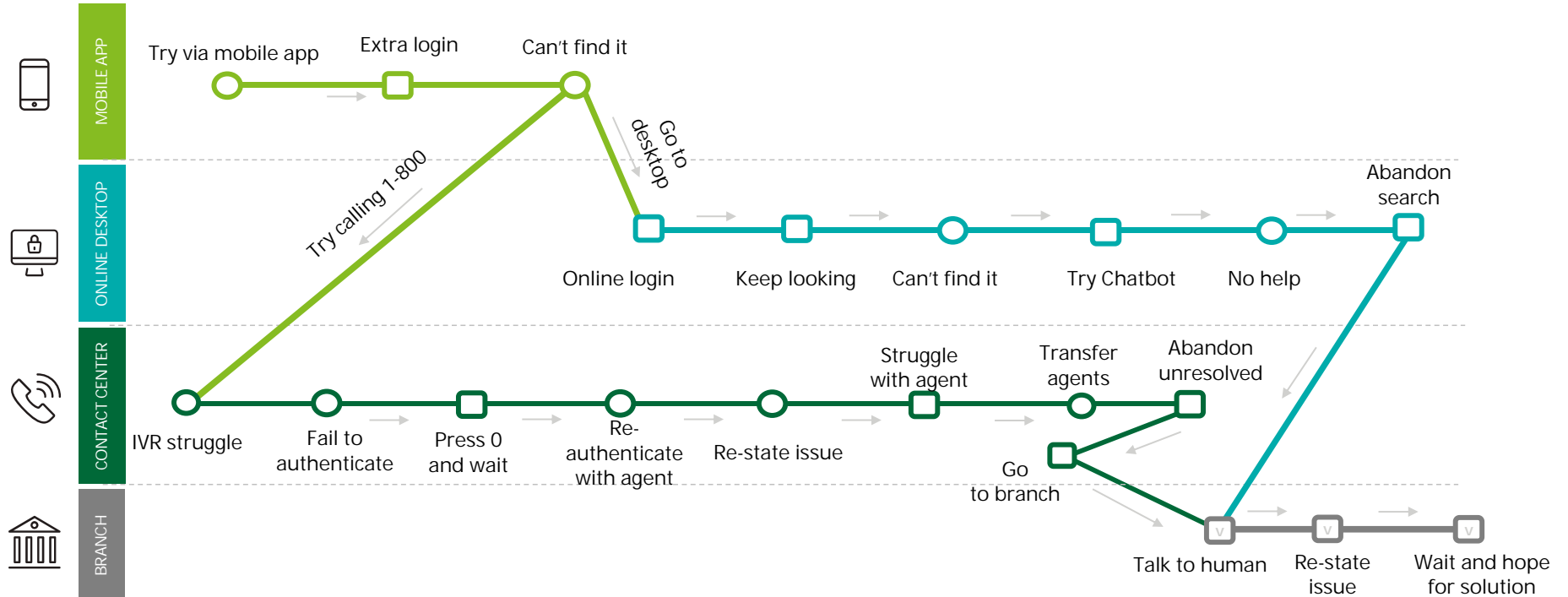
Digital experiences designed & inspired with **human touch** and **human interactions super-charged with digital** tools – retail banks need both

What could the future of retail banking mean for customers?



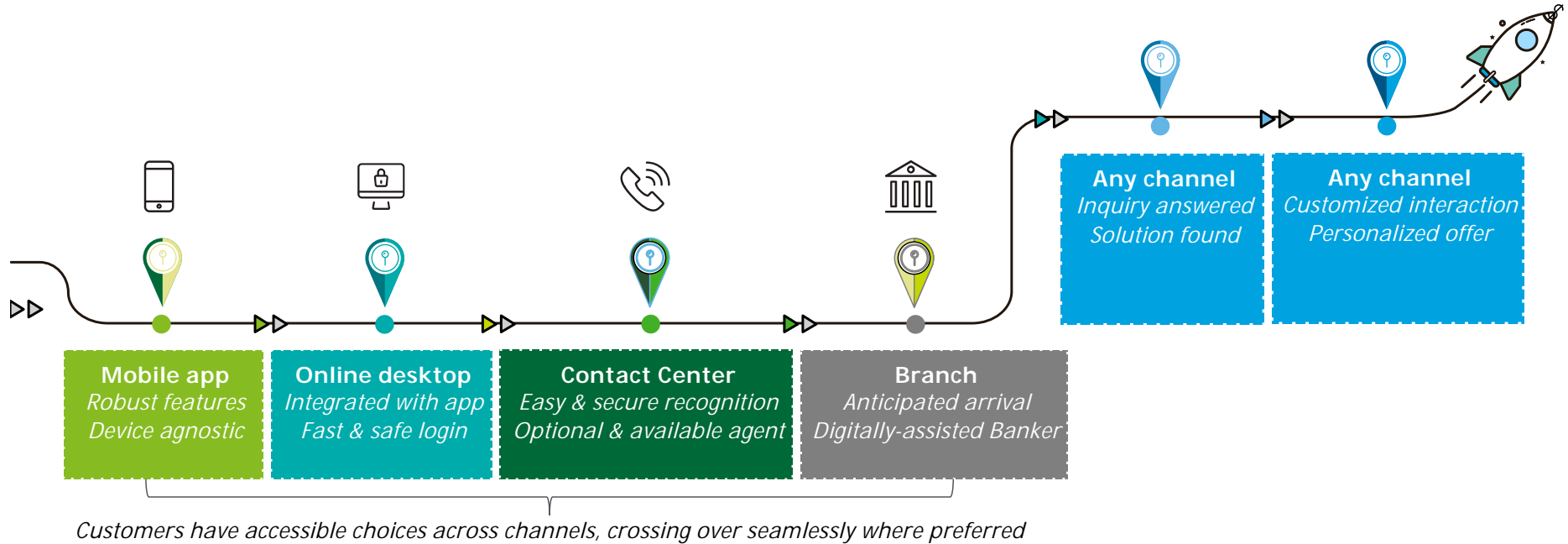
Today, customers often have to go through multiple channels, unidentified & regressing at each touchpoint, to find a solution

Servicing Pain of Today



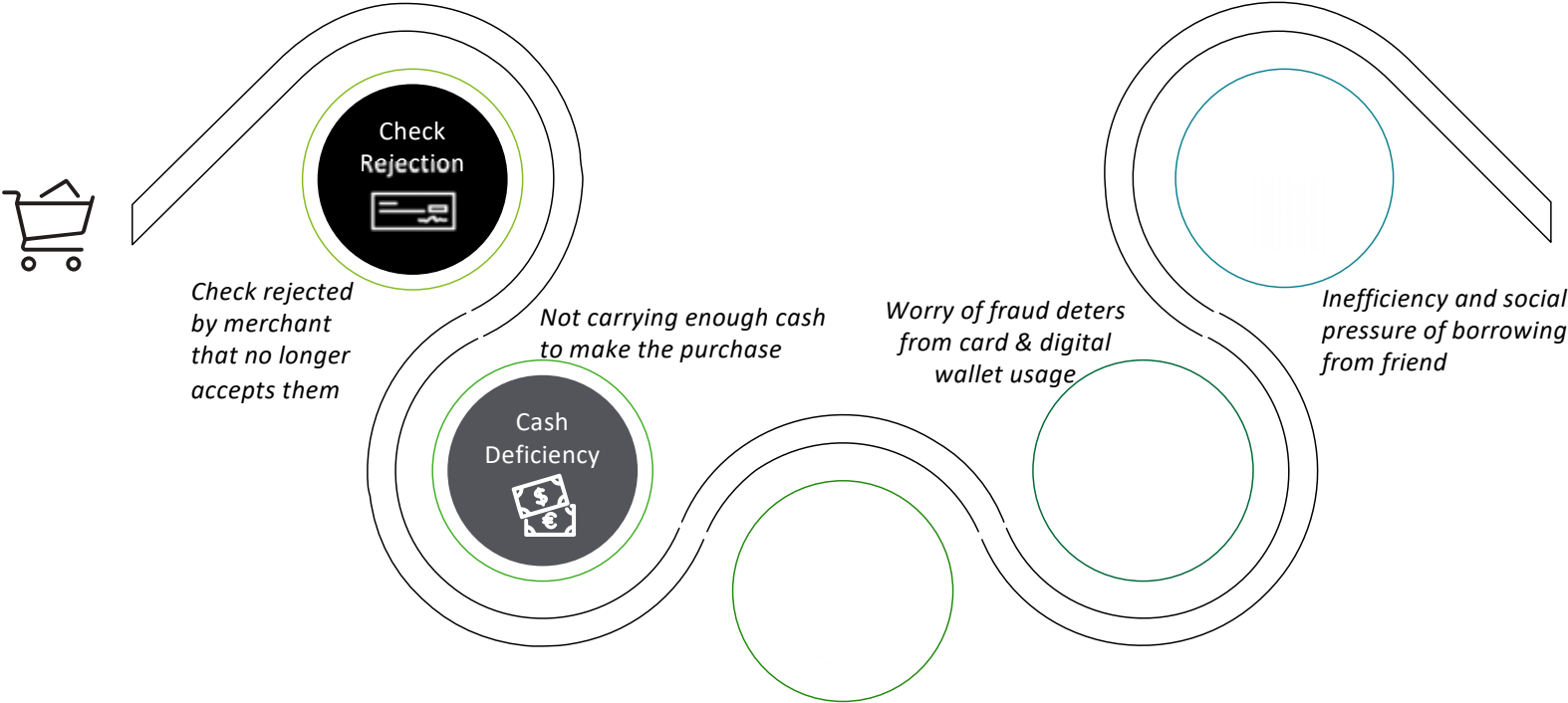
Tomorrow, single-touch resolution and deepening relationships with happy clients from each interaction can be the norm

Potential Servicing Journey of Tomorrow



Today, customers can struggle with limited support from their bank while in the middle of important purchasing moments

Purchasing Struggle of Today



Tomorrow, each retail bank can holistically enable each purchasing experience as an easy & rewarding customer delight

Potential Servicing Journey of Tomorrow



The near-term future of retail
banking is visible ahead...



In tomorrow's future, retail banks...

... will still be each **banking organization's heartbeat**



Flagship & Brand Beacon



Anchor for Relationship Primacy



Face to the Community



Enterprise Funding Source

... can take **the opportunity** to **evolve** value propositions



Personalized, Flexible, Adaptable



Convenient, Accessible, Easy



Secure, Fast, and Consistent



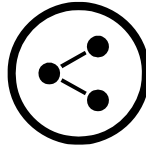
Transparent, Trustworthy, Fair

To take advantage in the future, retail banks need to invest in key capabilities today

**Identify & Prioritize
Micro-Segments**



**Connect Channels
Seamlessly**



**Simplify Products &
Level-up Loyalty**



**Upgrade Data
Infrastructure**



**Evolve Talent and
Leadership Needs**



**Improve Resiliency in
Face of Risk**



Retail Banking pioneers will
make the long-term future far
different...



“Everyone’s a Retail Banker” in a fully democratized, peer-to-peer financial system

“Retail Banking is everywhere and nowhere,” embedded though invisible in our everyday lives

“Retail Banking goes galactic” as space colonies & tourists need retail banking just like here on Earth

“Retail Banking’s all-access pass” combines unique identity, credit, and alternative data streams to enable real-time underwriting of everything

