Digital Sales & Service Maturity Model

2025 Update

Alkami

DIGITAL BANKING REPORT

Letter from the Author

DIGITAL BANKING REPORT
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Issue 313

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TAKE THE ASSESSMENT

Jim Marous

The ability to effectively leverage digital capabilities in the banking industry has become the defining factor between institutions that thrive and those that merely survive. We are pleased to present the second edition of our Digital Sales & Service Maturity Model, a collaborative effort between the **Emerald Research Group** and **Alkami**, in conjunction with the **Digital Banking Report** that builds upon the foundational insights established in our *2024 Report.*

This addendum to our 2024 Report doesn't seek to reinvent our original findings but to deepen our understanding of the evolving characteristics that differentiate digitally mature organizations in today's rapidly changing environment. Our follow-up research confirms the persistence of the four distinct digital maturity segments identified in our initial report: **Patiently Exploring, Innovation-Ready, Digital-Forward,** and **Data-First.** What has changed, however, is the widening performance gap between these segments and the emergence of new differentiation factors that separate digital leaders from followers.

Perhaps most striking is our confirmation that digital maturity continues to correlate strongly with year-over-year average annual revenue growth, with the most mature institutions now reporting up to five times the average annual revenue growth of their less digitally evolved counterparts.

Our 2025 analysis has uncovered emerging dimensions of digital maturity that were not as prominent in our initial research. Specifically, we've identified significant differences in how organizations across the maturity spectrum approach fraud prevention and cybersecurity, prioritize employee digital experiences, and leverage data capabilities. These elements have evolved from secondary considerations to critical components of digital banking excellence, reflecting the industry's growing recognition that true digital maturity extends beyond consumer-facing applications to encompass the entire banking ecosystem.

In line with our previous findings, our research continues to challenge the assumption that organizational size determines digital sophistication. Instead, we find that leadership commitment and cultural alignment are the most reliable predictors of digital maturity, with institutions of all asset sizes represented across the maturity spectrum. This democratization of digital capability highlights the opportunity for financial institutions of every size to compete effectively in the digital arena, provided they embrace the strategic mindset and organizational culture necessary to meet the evolving expectations of today's digital consumer.

The insights in this report are designed to serve as both a benchmark and a roadmap, helping financial institutions understand not only where they stand in their digital journey but also what steps they must take to advance toward greater maturity and the substantial revenue growth that accompanies it.

Best regards,
Jim Marous
Owner and CEO
Digital Banking Report

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Preface

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Allison Cerra

In 2024, we set out to understand how financial institutions were combining culture, strategy, and technology to establish digital maturity as a competitive advantage. At the time, we asserted that digital banking must evolve from delivering primarily service benefits to becoming a dual engine of sales and service.

To achieve this vision, financial institutions must:

- Deliver timely, relevant offers and guidance — meeting the majority of consumers who want both efficiency and discovery.
- Acquire new account holders and products — recognizing that most now prefer to open deposit or loan accounts mostly or entirely online.
- Anticipate needs before they're even articulated — knowing that most consumers are more likely to trust, admire, and remain loyal to institutions that do.

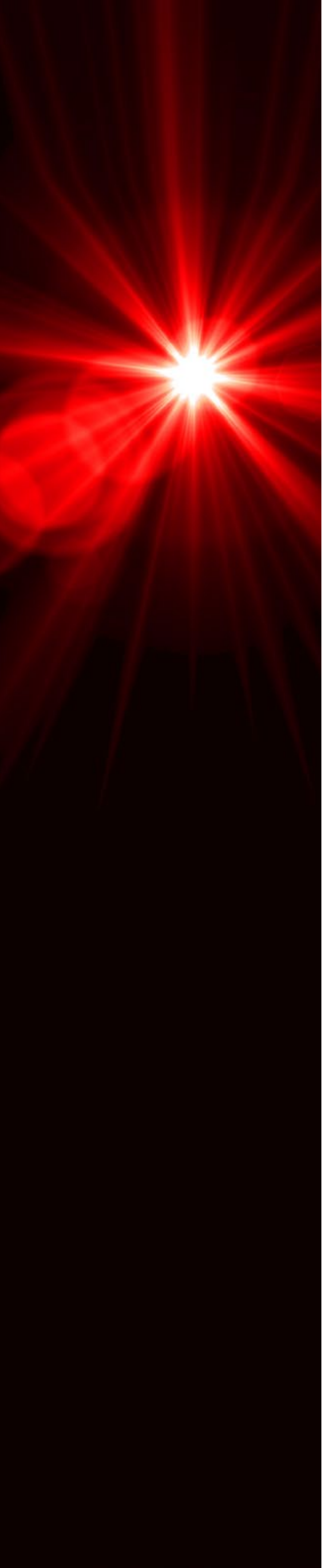
We also committed to continuously tracking the evolution of digital maturity. In this update, we once again surveyed the market to examine how leading institutions are progressing. The same cohorts from last year's report remain unchanged, and so do the key findings: the most digitally mature institutions continue to report significantly higher revenue growth — and institutional size still isn't the sole deciding factor for where an organization lands on the curve.

What has evolved is a sharper picture of digital maturity across three critical dimensions:

- Security and fraud: Advanced institutions take noticeably different approaches — not only from their peers, but also from one another.
- Employee experience: Digital leaders are expanding the definition of "user experience" to include employees.
- Artificial intelligence (AI) and data maturity: Digitally mature institutions are widening their lead with AI initiatives and are already tackling more complex data challenges — far ahead of the curve.

This supplement builds on the foundation we established in 2024, offering a deeper look at what makes up digital maturity — a concept as dynamic as the institutions defining it. We hope it informs and inspires your own path toward digital growth.

Allison Cerra
Chief Marketing Officer
Alkami



Digital Maturity Slightly on the Rise

When we compare our initial digital maturity research *2024 Digital Sales & Service Maturity Model Report*, to this year's findings ("2025 Update") using the same segmentation as last year, we find slightly positive movement in digital maturity across the banking industry. This aligns with broader industry research by the Digital Banking Report, showing that banking decision makers are making strides in basic and advanced digital transformation initiatives.

Key observations from our research include the shift of financial institutions (FIs) into more mature segments, with the Digital-Forward segment growing from 38% to 44% (+6%) and Data-First institutions increasing from 9% to 13% (+4%). In contrast, less mature segments like Innovation-Ready (-3%) and Patiently Exploring (-7%) have decreased. This slight directional shift in maturity conceals more significant differences between the most advanced cohorts — in areas like fraud mitigation and cybersecurity, employee experience, and data sophistication — based on additional questions in the 2025 Update.

1. Data-First does not necessarily mean Security-First: In virtually all cases, the Data-First cohort lags Digital-Forward FIs in fraud mitigation and cybersecurity technologies and practices. The one exceptional case is that of offering consumer incentives to take personal responsibility for their security posture. For this practice, Data-First FIs separate themselves from every other cohort in reporting that they currently or are planning to offer these incentives.

2. The aperture of "user" in "user experience" is expanding to include employees among the most mature FIs. The majority of Data-First FIs claim to have an above-average digital banking user experience for employees, compared with just 2% of the least mature cohort, Patiently Exploring.

3. As AI remains front-and-center in market discourse, our research shows the gap in activating AI, notably generative AI, is widening between the most and least mature segments. As less mature institutions continue to lack the staff or time to analyze the data they have, the Data-First cohort is taking a decisive lead in the market when it comes to experimenting with and executing AI initiatives. That's not to say that data challenges do not exist for even the most mature institutions. Rather, the scope and scale of these challenges evolve along with an institution's maturity. So, while less mature institutions are confounded by resource constraints in analyzing data, the Data-First cohort is already tackling how to convert insights into behavioral changes.

Despite these distinctions, two findings remain truer than ever, and they are perhaps the most important of all:

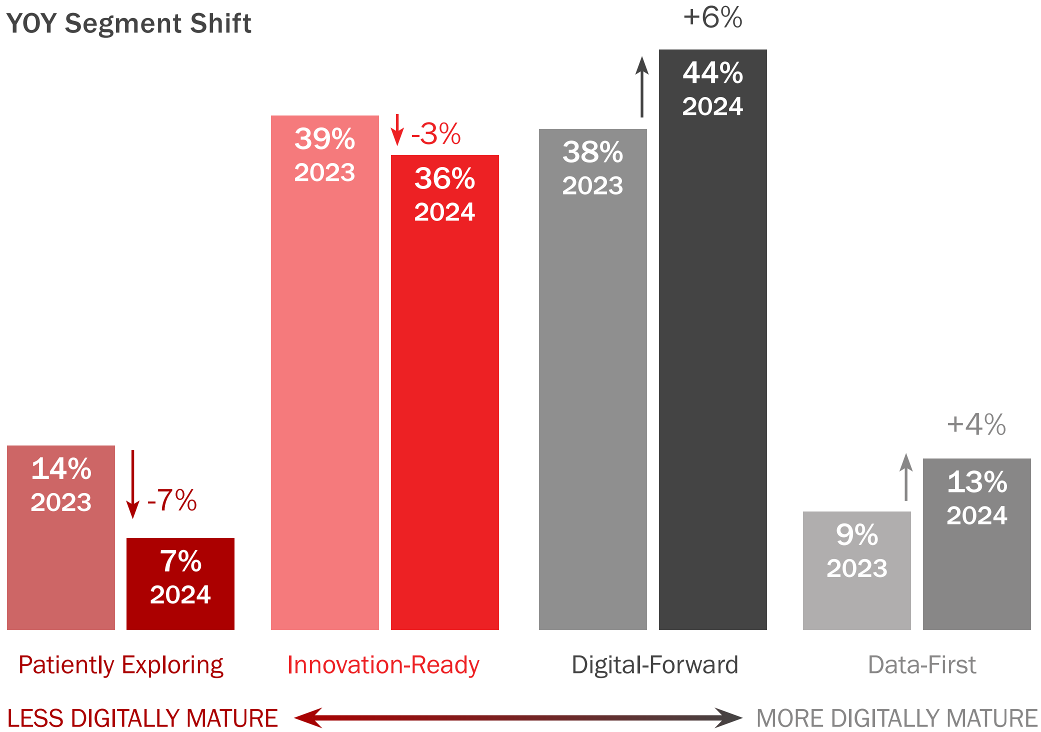
1. Digitally mature institutions report significantly higher annual revenue growth than their less mature counterparts. In the 2025 Update, the most digitally mature segment (Data-First) reported annual average revenue growth up to five times higher than their peers (up from two times higher in the 2024 Report).

2. While larger institutions often make more digital progress, some defy this pattern at different stages of maturity. Specifically, one-third of the most mature institutions have less than $500M in assets, while 13% of the least mature have more than $5B. By understanding the principles these overachievers and under-performers apply in culture, strategy, and technology, other institutions can study the playbook for their own potential success.

FIs Continue to Mature into 2025

*"When we apply last year's model to the latest data, more FIs now fall into more mature segments. **Digital-Forward** and **Data-First** have grown slightly while **Patiently Exploring** has declined, suggesting a handful of FIs have taken steps to modernize over the past year."*

CHART 1: SHIFT IN RETAIL BANKING DIGITAL MATURITY



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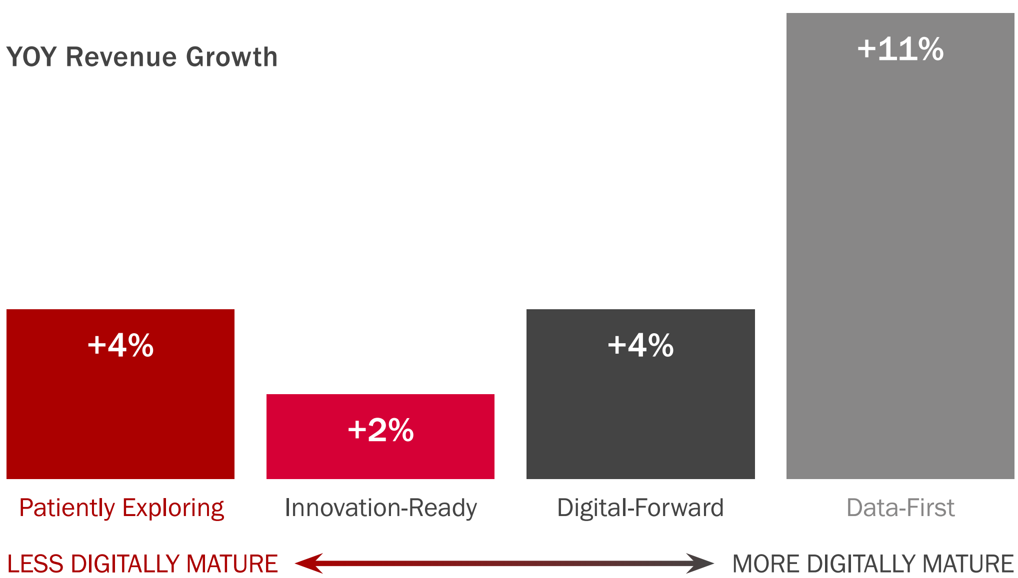
"Research revealed the most mature institutions see up to 5x YOY reported revenue growth."

CHART 2: DIGITAL MATURITY IS CORRELATED WITH REPORTED REVENUE GROWTH



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"Digital maturity now reflects an organization's ability to leverage technology to transform all aspects of its operations, culture, and value proposition."

The Evolving Definition of Digital Maturity in Banking

The concept of digital maturity in banking has undergone significant evolution in recent years, expanding far beyond the initial focus on modern technologies, channel shifts, and mobile interfaces. In our analysis of shifts in digital maturity for this 2025 Update, we found that fraud protection, employee experiences, and data utilization are reshaping our understanding of what constitutes a truly digitally mature financial institution.

Digital maturity now reflects an organization's ability to leverage technology to transform all aspects of its operations, culture, and value proposition. This includes:

- Creating seamless omnichannel experiences
- Deploying advanced analytics to inform decision-making
- Automating back-office processes
- Building agile, technology-enabled organizational structures
- Fostering a culture of continuous innovation

Fraud Protection and Cybersecurity: The Unexpected Digital Maturity Paradox

As banking shifts towards digitalization, cyber criminals have grown increasingly sophisticated. Mature institutions now integrate advanced fraud detection systems that utilize machine learning and behavioral analytics to identify suspicious patterns in real time.

Digitally mature financial institutions maintain a delicate balance between strong security and seamless consumer experiences. They employ different authentication strategies depending on the type of transaction and level of risk associated with each.

Leading institutions have also progressed from reactive fraud management to proactive threat intelligence, using data to anticipate new attack vectors before they emerge. Finally, digitally mature banks and credit unions implement comprehensive fraud monitoring across all channels simultaneously, instead of isolated approaches for each platform.

The following chart reveals a fascinating paradox in digital banking maturity: data sophistication does not automatically translate to fraud prevention excellence. This insight comes when fraud management has become an increasingly critical component of financial institutions' digital strategies.

Despite assumptions that Data-First institutions may dominate in all digital domains, the data shows that Digital-Forward organizations have emerged as fraud prevention leaders. They demonstrate the most comprehensive approach across both internal prevention measures and consumer-facing fraud tools:

- 71% implement destination account monitoring (vs. 64% for Data-First)
- Near universal adoption (100%) of card freezing and blocking tools
- 99% provide fraud prevention tips and training
- 90% offer real-time fraud alerts
- 70% maintain 24/7 fraud hot lines

CHART 3: NOT ALL DIGITALLY MATURE ORGANIZATIONS EXCEL AT FRAUD PROTECTION

Does your institution currently do each, and if not, do you plan to do so *in the near future?*

			Patiently Exploring	Innovation-Ready	Digital-Forward	Data-First
FRAUD	INTERNAL PREVENTION MEASURES	Destination Account Monitoring	20%	19%	71%	64%
		Leverage Consortium Data	9%	49%	60%	56%
		AI-Powered Account Anomaly Detection	4%	7%	41%	21%
	CUSTOMER / MEMBER-FACING	Card Freezing & Blocking Tools	21%	100%	100%	70%
		Fraud Prevention Tips & Training	18%	99%	99%	55%
		Real-Time Fraud Alerts	31%	73%	90%	65%
		24/7 Fraud Hotline	13%	56%	70%	61%
		Immediate Account Lock	14%	22%	49%	43%
		Customer/Member Incentives for Taking Fraud-Prevention Action	2%	0%	0%	40%

LESS DIGITALLY MATURE ⟷ MORE DIGITALLY MATURE

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This comprehensive strategy suggests Digital-Forward institutions have prioritized building an end-to-end fraud prevention ecosystem rather than focusing narrowly on technical sophistication.

Data-First organizations lag in several key fraud prevention measures despite their technical sophistication. Their primary differentiator appears to be in offering consumer incentives for fraud prevention actions (40%), a strategy not widely adopted by other segments. This suggests a philosophical approach that partially shares responsibility with consumers — one that may prove controversial in an era when consumers increasingly expect institutional protection or prescient given many fraud vectors rely on consumer behavior as the weakest link in the security chain.

In the area of cybersecurity, leadership is more distributed, with Digital-Forward organizations excelling in authentication (92% one-time password (OTP) adoption for consumers, 81% for employees) while Data-First institutions lead in advanced approaches like passwordless authentication (40%) and consumer security incentive (33%). Given the inherent complexities in defending their institution and consumers from myriad fraud and cybersecurity attack vectors, the data is instructive in revealing where the most advanced institutions are applying investments and focus, particularly when considering the most mature cohort, in this case, the Digital-Forward segment.

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CHART 4: NOT ALL DIGITALLY MATURE ORGANIZATIONS EXCEL AT CYBERSECURITY

Does your institution currently utilize the following, and if not, do you plan to do so ***in the near future?***

CYBERSECURITY			Patiently Exploring	Innovation-Ready	Digital-Forward	Data-First
	Security Tools & Approaches	Regular Software Updates & Patching	63%	97%	100%	64%
		Mandatory Anti-Phishing & Security Training	60%	100%	100%	72%
		Security Incident Response Drills	51%	60%	94%	48%
		Zero Trust Architecture	6%	25%	48%	52%
		AI-Powered Threat Detection & Response	9%	0%	30%	32%
	Account Holder & Employee Access	One-Time Passcodes (OTP) for All Employees	45%	41%	81%	59%
		OTP for Customers/Members	41%	50%	92%	63%
		Biometric Authentication - Customers/Members	11%	82%	68%	52%
		Biometric Authentication - Employees	5%	1%	32%	39%
		Passwordless Magic Links	3%	0%	21%	40%
		Consumer Incentives to Improve Cybersecurity Posture	0%	0%	8%	33%
		Behavioral Biometrics	1%	5%	24%	26%

LESS DIGITALLY MATURE ⟷ MORE DIGITALLY MATURE

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Consumer Responsibility Approach

Both charts above reveal a philosophical difference in how Data-First organizations approach security:

- In fraud prevention, Data-First institutions uniquely emphasize consumer incentives for fraud prevention actions (40% vs. 0-2% for other segments).

*"This consistent pattern suggests **Data-First** institutions have adopted a strategic approach that partially shares security responsibility with consumers — a distinctive philosophy not practiced by other segments."*

- In cybersecurity, they similarly lead in offering consumer incentives to improve cybersecurity posture (33% vs. 0-8%).

This consistent pattern suggests Data-First institutions have adopted a strategic approach that partially shares security responsibility with consumers — a distinctive philosophy not practiced by other segments.

Strategic Implications

The comparative analysis reveals several key insights regarding fraud, cybersecurity and digital banking maturity.

1. Siloed Security Approaches: The varying performance across domains suggests that less mature institutions develop fraud and cybersecurity capabilities in isolation instead of as an integrated security strategy.

2. Opportunity for Cross-Domain Learning: Organizations excelling in one security domain have distinct opportunities to transfer their successful strategies to other security areas.

3. Maturity Isn't Universal: Digital maturity in core banking capabilities does not automatically translate to maturity across all security domains.

4. Different Philosophy, Different Outcomes: The distinctive Data-First approach that emphasizes consumer responsibility is just one example of where Data-First security posture lags.

As financial crime becomes increasingly sophisticated in the digital age, these findings suggest that even technically advanced institutions must continuously reevaluate their fraud prevention and cybersecurity strategies to maintain comprehensive protection. The data indicates that a holistic approach — combining advanced technology, consumer education, and proactive monitoring — provides the most robust defense against the evolving threat landscape.

Employees as a Competitive Differentiator

Our research reveals a striking yet often overlooked aspect of digital banking transformation: the profound connection between employee digital experience and overall digital maturity. While institutions frequently prioritize consumer-facing capabilities, our

"While institutions frequently prioritize consumer-facing capabilities, our findings demonstrate that the most digitally mature organizations have simultaneously created superior employee experiences while investing in upskilling and hiring future-ready talent, acting as force multipliers for their digital strategies."

findings demonstrate that the most digitally mature organizations have simultaneously created superior employee experiences while investing in upskilling and hiring future-ready talent, acting as force multipliers for their digital strategies.

Our research also shows that the most digitally advanced segments — Digital-Forward and Data-First — have created significantly more intuitive administrative interfaces for their employees, with 38% and 53% respectively reporting their digital banking admin consoles are more intuitive than other technology in their stack. This stands in stark contrast to the Innovation-Ready (13%) and Patiently Exploring (2%) segments, where employee digital experiences remain largely underdeveloped.

The most telling indicator of employee experience digital maturity is the level of integration across third-party solutions. Here, the data presents a less conclusive outcome, reflecting that the emphasis on the employee experience is less predictable, even among the most digitally mature institutions.

- Digital-Forward institutions lead, with 86% showing at least some level of system integration. While they may lag the Data-First cohort in offering single sign-on capabilities, a remarkable 10% have achieved the challenging goal of delivering a single-pane-of-glass experience to their employees.
- Data-First institutions still perform above market average but slightly lag the Digital-Forward segment, with 77% having completed at least some level of integration. This segment leads the market overall in delivering single sign-on capabilities for their employees (42%).
- When it comes to delivering a more evolved employee experience, Patiently Exploring institutions have a strength, with 70% reporting at least some level of integration, with 4% of all institutions offering a single pane of glass.
- Innovation-Ready organizations significantly lag all others, with just 50% achieving some integration, while 38% still operate with multiple unconnected solutions.

Our research also reveals significant differences in talent strategies that align with digital maturity segments:

- Data-First organizations employ the most strategic approach. Nearly half (49%) simultaneously upskill existing talent while investing in new talent acquisition. Additionally, some are incorporating advanced upskilling and best talent (11%).
- Digital-Forward institutions similarly prioritize upskilling plus recruitment (45%) but show greater willingness to leverage existing talent (33%), suggesting confidence in their current workforce's adaptability while strategically addressing capability gaps.
- Innovation-Ready organizations lack a distinct talent strategy, with relatively equal distribution across learning expansion (31%), leveraging existing talent (31%), and upskilling with new recruitment (24%) — reflecting their transitional position on the maturity spectrum.
- Patiently Exploring institutions demonstrate the most conventional approach, emphasizing learning opportunities (31%) over transformation-oriented strategies and showing higher reliance on advanced upskilling with corresponding recruitment (12%).

This correlation between creating improved employee experiences and a focus on hiring and training a future-ready workforce suggests a virtuous cycle: better employee experiences facilitate talent attraction and retention, while more sophisticated talent strategies bring in the capabilities needed to enhance these digital experiences further.

CHART 5: DEPLOYMENT OF INTUITIVE ADMINISTRATIVE CONSOLES

Which best describes your digital banking platform when it comes to the end-user experience of your employees? (% saying it is more intuitive than other admin consoles in the tech stack)

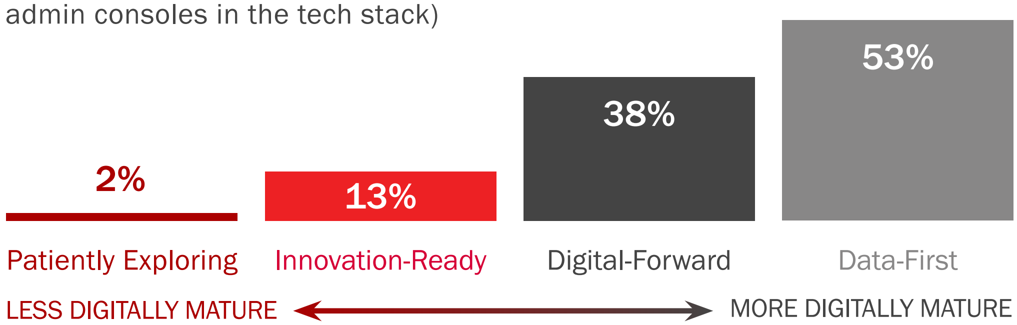

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CHART 6: DIGITALLY MATURE ORGANIZATIONS HAVE STRONGER EMPLOYEE EXPERIENCES

Which best describes your institution's employee end-user experience on integration across your various 3rd party digital solutions?

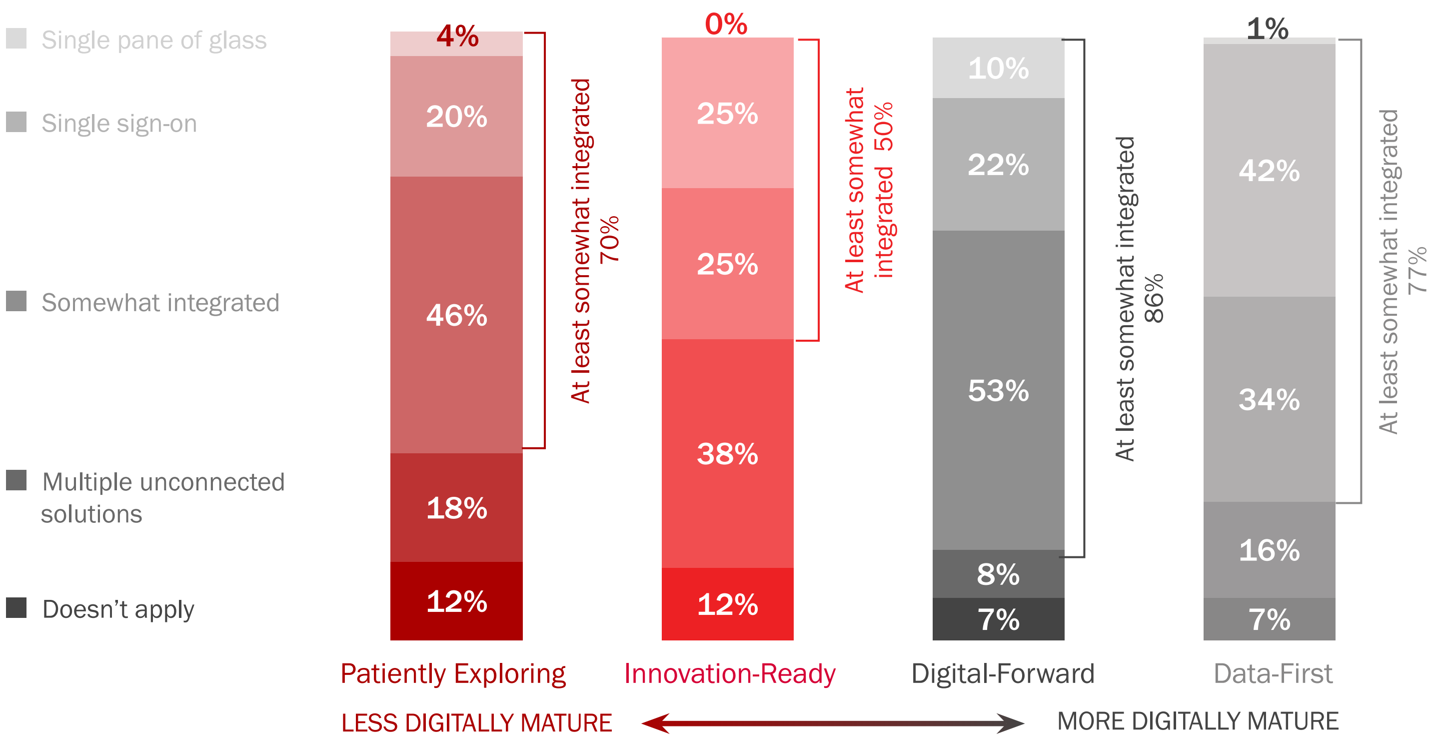

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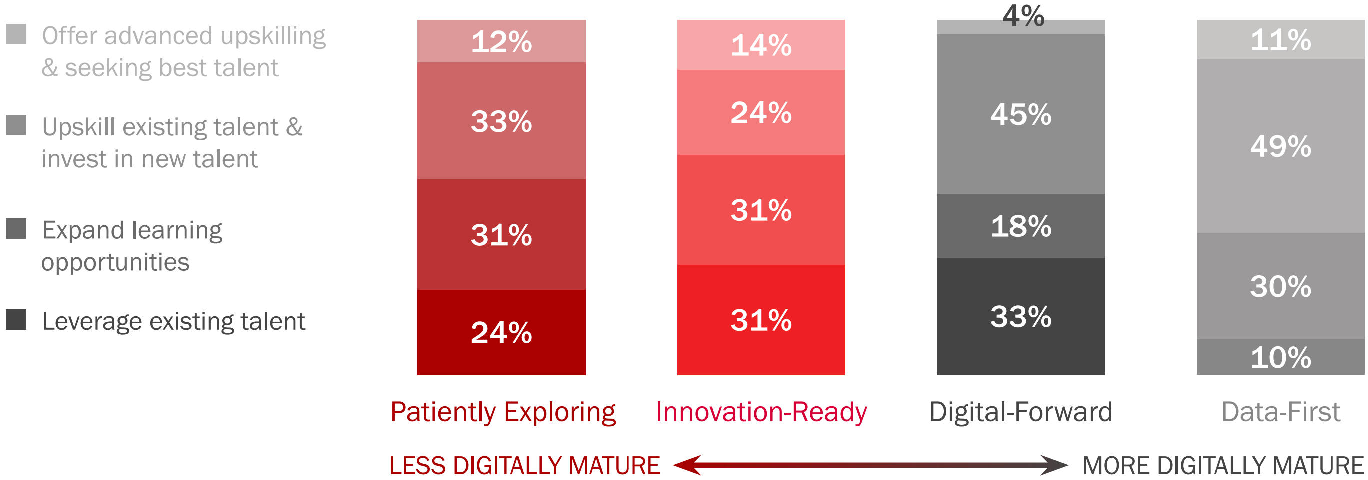
CHART 7: DIGITALLY MATURE ORGANIZATIONS INVEST MORE IN UPSKILLING AND ACQUIRING TALENT

Which best describes how your institution acquires and retains talent/employees?



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"As data capabilities improve, institutions can provide more personalized experiences, make more informed decisions, and operate more efficiently. The widening performance gap between digital leaders and Patiently Exploring reflects not just varying technology adoption rates but fundamentally different capabilities to understand and serve consumers."

Data and AI as a Driver of Digital Banking Evolution

As the AI arms race accelerates, our research reveals a fascinating evolution of data challenges across the digital maturity spectrum, showcasing how obstacles transform rather than disappear as organizations advance in their digital journey.

Patiently Exploring organizations face fundamental structural issues. Their primary challenges are data silos (35%) and insufficient resources for analysis (31%). They struggle with the most basic elements of data utilization — access and processing capabilities. Their challenges are largely infrastructural, reflecting early-stage data maturity.

Innovation-Ready institutions have shifted to resource constraints, with 54% citing insufficient time and/or staff for data analysis as their top challenge. This represents an evolution from structural problems to operational ones — they have data but lack the capacity to extract value from it. Data silos remain significant (29%), indicating partial progress in breaking down organizational barriers.

Digital-Forward organizations exhibit a balanced profile of challenges, similarly struggling with analysis resources (50%) and data silos (43%). Their nearly equal distribution suggests they're addressing multiple data dimensions simultaneously but haven't yet mastered any single aspect. This reflects their transitional position — more advanced than early-stage organizations but still developing comprehensive data capabilities.

Data-First institutions face distinctly advanced challenges. Their primary obstacle is converting insights into behavioral changes (32%) — they're no longer primarily concerned with accessing or analyzing data but with operationalizing insights. Their secondary challenges include regulatory compliance (25%) and persistent data silos (25%), reflecting the complexity of maintaining data sophistication at scale.

CHART 8: DATA RELATED CHALLENGES DIFFER ACROSS DIGITAL MATURITY SEGMENTS

Which of these would you consider your top challenges? In other words, which of these are holding your institution back from where you want to be most?

Patiently Exploring		Innovation-Ready		Digital-Forward		Data-First	
Data is too siloed or can't be accessed across teams/ departments.	35%	Don't have enough time/staff to analyze the data we have.	54%	Don't have enough time/staff to analyze the data we have.	50%	Strong data & insights but struggle to change behaviors with them.	32%
Don't have enough time/staff to an-alyze the data we have.	31%	Data is too siloed or can't be accessed across teams/ departments.	29%	Data is too siloed or can't be accessed across teams/ departments.	43%	Meeting regulatory/ compliance requirements.	25%
Data is not processed/ formatted well enough to analyze.	26%	Have strong data & insights but struggle to change behaviors with them.	28%	Have strong data & insights but struggle to change behaviors with them.	22%	Data is too siloed or can't be accessed across teams/ departments.	25%
Current applications/ systems are outdated.	24%	Current applications/ systems are outdated.	22%	Data is not processed/ formatted well enough to analyze.	18%	Don't have enough time/staff to analyze the data we have.	24%
Not sure how to leverage the data we have/where to start.	21%	Not sure how to leverage the data we have/where to start.	18%	Not sure how to leverage the data we have/where to start.	18%	Not sure how to leverage the data we have/where to start.	17%

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Data-First Institutions Break Free with Early Generative AI Lead

The generative AI adoption patterns across maturity segments reveal distinctive approaches that reflect each segment's broader digital philosophy. Data-First organizations demonstrate decisive leadership, with 42% having AI deployed at some level across their organization. Their approach shows confidence and strategic clarity, as no institutions reject generative AI outright. This comprehensive implementation mirrors their revenue-focused strategy and sophisticated data infrastructure, enabling them to move quickly on emerging technologies.

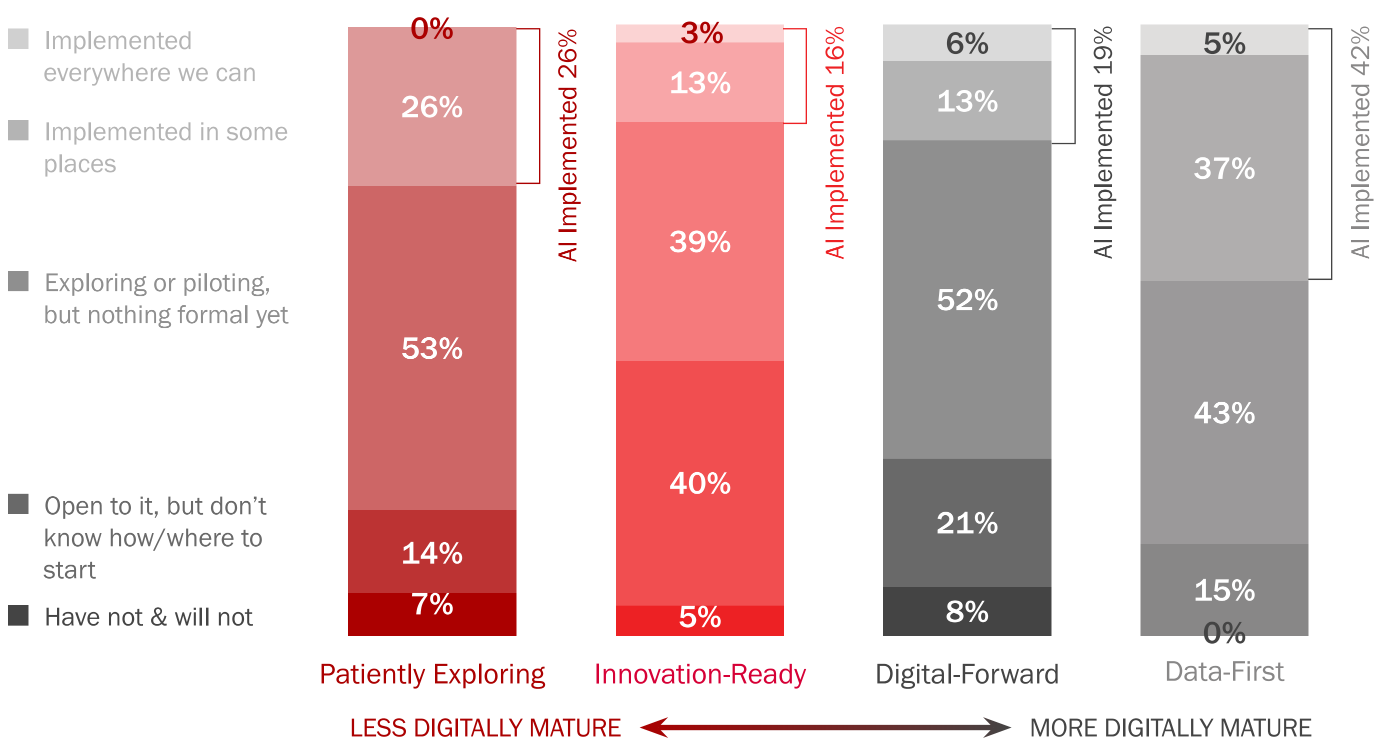
Digital-Forward institutions exhibit a more cautious yet committed approach, showcasing strong exploratory activity (52% piloting) but limited full implementation (19%). This pattern aligns with their security-minded orientation — they recognize generative AI's potential but pursue implementation methodically, likely considering security and compliance implications carefully. Their exploration-heavy strategy suggests they're laying the groundwork for future expansion rather than seeking immediate deployment.

Innovation-Ready organizations demonstrate the "transitional hesitation" characteristic of their maturity level, facing significant uncertainty about generative AI implementation (40% "open to AI but don't know where to start"). This mirrors their broader challenge with strategic clarity — they recognize AI's importance but lack the organizational focus required for effective execution. Their position reflects the challenging middle stage of digital transformation, where vision has developed, but execution capabilities remain underdeveloped.

Surprisingly, Patiently Exploring institutions show relatively high initial generative AI adoption (26% with some implementation) despite their overall lower digital maturity. This seemingly contradictory finding suggests they may view AI as a potential shortcut to advanced capabilities, hoping to leapfrog intermediate stages of digital development. However, their predominant exploratory approach (53%) indicates limited strategic integration, potentially resulting in isolated implementations that deliver less organizational value.

CHART 9: USE OF GEN AI CORRELATES TO LEVEL OF DIGITAL BANKING MATURITY

Which best describes your institution's approach to generative AI (artificial intelligence that can produce content on its own)?



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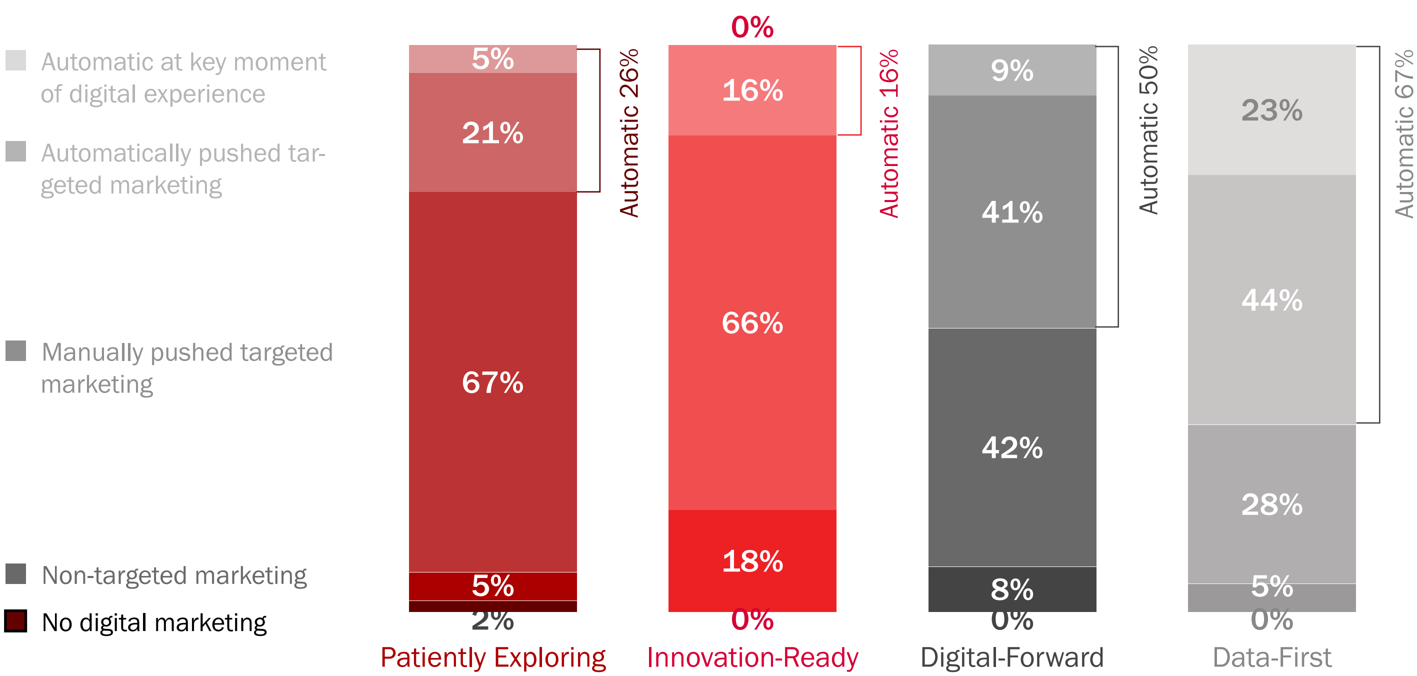
"More impressively, a remarkable 23% of Data-First institutions can automatically intercept a key moment of a consumer's digital experience with a marketing tactic."

While generative AI adoption is in the early innings, most segments agree that its primary benefit will reside in improving the employee experience. In contrast, all segments agree that predictive AI will have greater impact on the consumer experience. And here again is where the most digitally mature institutions are expanding the lead over their counterparts. Specifically, 67% of Data-First FIs can automatically push targeted marketing to their account holders (vs. just 16% among the lowest performers on this metric, the Innovation-Ready cohort). More impressively, a remarkable 23% of Data-First institutions can automatically intercept a key moment of a consumer's digital experience with a marketing tactic.

CHART 10: MORE MATURE SEGMENTS UTILIZE AUTOMATED MARKETING APPROACHES

Approach to Digital Marketing



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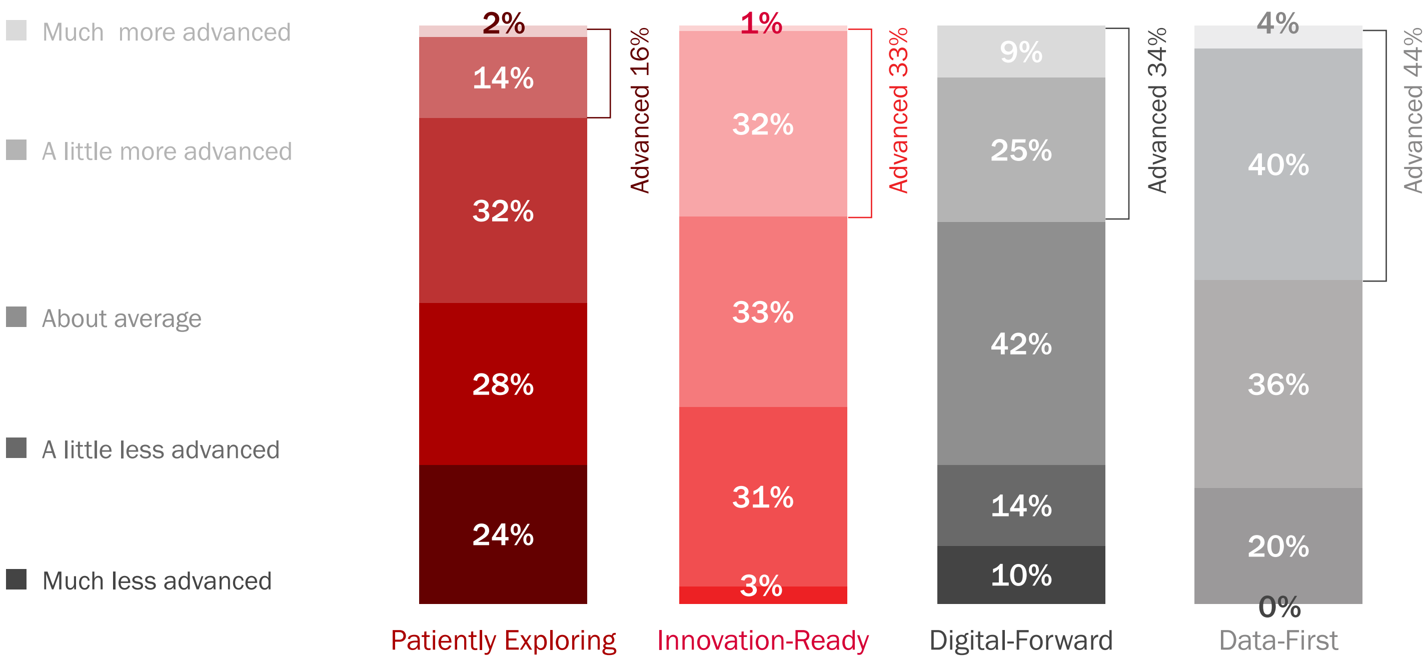
Unsurprisingly, nearly half (45%) of Data-First institutions say their data and marketing capabilities are at least a little more advanced than their peers (vs. just 15% of Patiently Exploring stating the same). It appears Data-First FIs are betting on advanced data and marketing capabilities to deliver competitive advantage.

CHART 11: KEY MATURITY OUTCOME - DATA AND MARKETING CAPABILITIES

Data-First FIs bake in stronger digital marketing strategies that are more advanced than other segments.



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"Organizations that establish robust data foundations, develop strategic approaches to AI implementation, and prioritize comprehensive integration will continue to enhance their performance advantage over those pursuing more fragmented, tactical methods."

The interplay between data strategy and AI adoption illuminates how these capabilities form the essential foundation of digital banking maturity. Advanced data architecture provides the necessary infrastructure for effective AI implementation, explaining why Data-First organizations can deploy AI more comprehensively. Without structured, accessible data, even the most sophisticated AI tools deliver limited value — explaining why organizations with less developed data capabilities struggle to advance beyond exploratory AI initiatives.

This relationship creates a virtuous cycle for digitally mature organizations: better data enables more effective AI, generating insights that inform a better data strategy. Conversely, less mature organizations face a compound challenge — needing to advance their data capabilities before AI can deliver substantial value, while competitors simultaneously extend their lead through the accelerating power of AI-enhanced capabilities.

As the financial industry undergoes its digital evolution, the relationship between data sophistication, AI implementation, and overall digital maturity is likely to strengthen further. Organizations that establish robust data foundations, develop strategic approaches to AI implementation, and prioritize comprehensive integration will continue to enhance their performance advantage over those pursuing more fragmented, tactical methods.

Conclusion: The Accelerating Digital Imperative

As we look forward, the digital maturity divide in financial services will likely widen further. The exponential growth in digital banking adoption, coupled with rising cybersecurity threats and evolving consumer expectations, creates both unprecedented challenges and opportunities.

Our analysis suggests several critical implementation principles:

- Security-Experience Integration: Leading institutions recognize that security and experience aren't competing priorities but complementary capabilities. Digital- Forward organizations demonstrate how strong fraud prevention can enhance rather than inhibit the account holder experience.
- Employee Experience Transformation: All segments should recognize that employee digital experience is not merely an operational consideration but a strategic enabler that directly impacts account holder experience quality and operational efficiency.
- Strategic Talent Development: As our earlier analysis showed, more mature institutions adopt more sophisticated talent strategies, balancing upskilling with strategic hiring to build the capabilities needed for their next evolution.
- Data Utilization: Moving beyond data collection to strategic data utilization represents a key differentiator, particularly for Digital-Forward institutions seeking to capitalize on their existing account holder relationships.
- Integrated Measurement: Institutions must evaluate digital maturity across multiple dimensions simultaneously — account holder experience, security, employee enablement, and data utilization — to avoid the unbalanced development seen in some Data-First organizations.

Financial institutions that align their investment priorities with their specific digital maturity needs — whether fundamentally shifting resources, improving employee experiences, activating account holder data, or enhancing security posture — will be best positioned to capitalize on the substantial revenue growth advantage that accompanies digital leadership. Those that fail to address their segment-specific limitations risk finding themselves increasingly disadvantaged in an industry where digital capabilities are rapidly becoming a primary determinant of competitive success.

"Those that fail to address their segment-specific limitations risk finding themselves increasingly disadvantaged in an industry where digital capabilities are rapidly becoming a primary determinant of competitive success."

TAKE THE ASSESSMENT

Research Methodology

The insights are from a survey of 202 digital banking decision makers conducted in late 2024 (November 5 - December 3). The study focuses on identifying differences between digitally mature and developing financial institutions, with specific attention to retail banking services. The participant demographics are from institutions with at least $200M in assets, who are between 21 and 75 years old, employed full-time, and influence digital banking platform decisions. The research deliberately excluded those focused primarily on commercial banking to maintain a focus on retail banking operations.

The sample is distributed across institution sizes, with 35% from $200M-$500M institutions, 25% from $500M-$1B, 22% from $1B-$5B, 14% from $5B-$50B, and 4% from $50B-$500B institutions. Regarding institution types, credit unions represent 57% of respondents, traditional banks 36%, and neobanks 7%.

This research aligns with broader industry trends showing increased focus on digital transformation in banking. According to recent industry reports, financial institutions prioritize digital capabilities to meet evolving consumer expectations and competitive pressures. The timing of this research (late 2024) captures a critical period following several years of accelerated digital adoption in financial services.

About the Author

Jim Marous

DIGITAL BANKING REPORT

Named as one of the most influential people in banking and a 'Top 5 Fintech Influencer to Follow,' Jim Marous is an internationally recognized financial industry strategist, co-publisher of **The Financial Brand** and owner and publisher of the **Digital Banking Report**.

As a sought-after keynote speaker, author and recognized authority on disruption in the financial services industry, Jim has spoken to audiences worldwide. He has been featured by CNBC, CNN, Cheddar, the Wall Street Journal, the New York Times, the Financial Times, the Economist and the American Banker.

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Jim also hosts the FIsionaries Podcast, sponsored by **Alkami,** which shines a light on financial institutions at the bleeding edge of digital transformation. FIsionaries features banks and credit unions sharing lessons learned from their digital transformation journeys as well as insights from fintech partners and other industry thought leaders.

Through his podcast, **Banking Transformed**, Marous provides listeners with an opportunity to hear about the organizational impact of digital transformation. With new shows each Tuesday, Jim interviews his guests with the objective of digging deeper into the opportunities and challenges facing banking and other industries. You can download Banking Transformed on The Financial Brand podcast page or on your favorite podcast platform.

You can also follow Jim Marous on **Twitter** and **LinkedIn** or visit his professional website.