

# 6 trends driving the digital banking tsunami

(And 6 strategies to navigate them)

To survive and thrive in today's shifting financial landscape, banks must swiftly adapt to digital transformation and fintech disruptions amidst evolving technologies and regulatory changes.

### 1 The ISO 2022 imperative

- Enhances data quality and interoperability, improving global transaction efficiency.
- Implementation can be a challenge due to legacy systems and the need for industry-wide standardization.

Deadline  
**3.10.35**

**63%**  
of institutions are likely to meet the deadline<sup>1</sup>

### 2 Instant payments growth

- Facilitates real-time transactions, meeting customer demand for speed and convenience.
- Challenges in ensuring system reliability and security under high transaction volumes.

Over **800**  
US financial institutions have adopted FedNow<sup>2</sup>

**570**  
institutions use Real-Time Payments<sup>2</sup>

### 3 Banking as a Service (BaaS) on the rise

- Enables non-financial companies to offer banking services.
- Increases competition from companies that may not face the same regulatory burdens as banks.

2028  
Embedded finance projected to grow:<sup>3</sup>

**\$228**  
billion

2024  
**\$9**  
billion

**9%**  
of banks provide embedded services<sup>4</sup>

### 4 Omnichannel customer experience

- Shift to digital services demands seamless, personalized experiences across all channels.
- Legacy systems and regulatory constraints makes it difficult to adapt quickly.

Consumers expect **65%**  
of experiences to be digital by 2026<sup>5</sup>

**21.5%**  
decline in FDIC-insured branches since 2009<sup>6</sup>

### 5 War on paper

- Shift to digital services demands seamless, personalized experiences across all channels.
- Legacy systems and regulatory constraints make it difficult to adapt quickly.

**93%**  
of executives aim to eliminate paper records by 2027<sup>7</sup>

Checks account for **66%**  
of B2B payment fraud<sup>8</sup>

### 6 Open banking's power shift

- Enhances customer experience and efficiency through data sharing and innovation.
- Sharing data across platforms increases risk.

Banks must partner with fintech for success in the open banking era.

## Strategies to thrive in the new digital banking era

- Prioritize digital transformation**

Implement digital solutions across all facets of operations for enhanced efficiency and competitiveness.
- Invest in future-proof technology**

Adopt scalable and flexible tech infrastructure to accommodate evolving business needs and regulatory requirements.
- Foster a culture of innovation**

Encourage data-driven decision-making and innovative thinking to stay ahead of market trends.
- Develop strong partnerships**

Collaborate with fintechs and technology providers to leverage external expertise and resources.
- Stay ahead of regulatory changes**

Proactively monitor and adapt to new compliance requirements to avoid penalties.
- Focus on customer experience**

Continuously improve customer interactions and services to build loyalty and trust.

Traditional financial institutions must swiftly and effectively adapt to ongoing digital transformation. Innovation and customer-centric solutions are crucial for financial institutions to succeed and flourish in the evolving digital landscape.

Embrace industry changes and elevate your digital transformation today!

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<sup>1</sup> Payments Dive, Upcoming ISO 2022 transition leaves some finance players scrambling, June 11, 2024.  
<sup>2</sup> FXCI Intelligence, FedNow one year on: An update on the US' instant payment rail, July 3, 2024.  
<sup>3</sup> Juniper Research, Embedded Finance Market Anticipated to Surpass \$228bn by 2028; B2B Market to Propel Growth, April 2, 2024.  
<sup>4</sup> Cornerstone Advisors, What's Going On in Banking 2024  
<sup>5</sup> BAI, 2024 Banking Outlook, December 7, 2023.  
<sup>6</sup> Cushman & Wakefield, Banking Branches: Navigating the Post-Digital Landscape, December 11, 2024.  
<sup>7</sup> Iron Mountain, Cleaning up legacy records - an intelligent first step in your digital transformation journey, September 8, 2022.  
<sup>8</sup> ABA Banking Journal, Is it time to kill the paper check?, May 6, 2024.

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