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TRENDS IN
THE BANKING
INDUSTRY
2020

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Contents

Foreword	4
Customer experience to drive revenue	5
Trend 1: Omnichannel strategy for a 360-degree customer view	5
Trend 2: Wow the customer with digital onboarding	7
Trend 3: Open banking for a banks' all-encompassing persona	8
Focus on technology innovation	10
Trend 4: AI-driven decision making	10
Trend 5: Innovation through fintech collaboration	12
Improve cost effectiveness	14
Trend 6: Drive operational efficiencies through digitization	14
Trend 7: Manage compliance costs in an increasing regulatory environment	16
Trend 8: Cloud for infrastructure resiliency and efficiency	17
References	19
Infosys contributors	20



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Foreword

The banking industry is on the cusp of adopting digitization and new-age technologies. This year (2020), digital technologies such as artificial intelligence and machine learning have enthusiastically been adopted by the industry to address the challenges brought about by COVID-19. The pandemic has forced banks to transform their decision-making processes and focus aggressively on costs.

Customer experience remains the primary focus for banks that are looking for ways to improve it either with their applications or simplifying customer journeys and introducing omnichannel experiences. Banks will target digitization in almost all possible areas. However, COVID-19 will force banks to focus on end-to-end digitization that enable businesses to function, while “wow” factors such as dashboards take a back seat.

Banks will increasingly rely on data to define customer journeys and drive decisions. Banks will also look to transform their back-

and middle-office cost structures. And, technology adoption will be the norm this year to build resiliency in these adverse market conditions.

Digitization of customer onboarding and real-time regulatory checks will gain prominence as customers prefer social distancing due to the pandemic.

Fintechs have become an integral part of the banking industry. Incumbent banks have increased their collaboration with fintechs to speed up innovation and shorten “time to market.” Many large banks have acquired fintechs that dovetail into their digital strategy. The banking industry is moving toward a more collaborative and open environment while focusing on data protection and minimizing systemic risks — a tough balancing act that is no simple feat to achieve.

Formulation of universal standards such as API will harmonize disparate systems that bring in interoperability of systems for commercial use.

In summary, banks will take aggressive steps toward building

a strong base consisting of data, processes and customer experience. Digitization and advanced technologies such as AI, ML, cloud and blockchain will come to the forefront.

COVID-19 has placed banks under extreme stress as revenue sources plummet and credit risks rise exponentially. Unprecedented economic disruption, a competitive market, rising customer expectations and external forces have driven the banking industry to explore new business models centered around digital solutions and the cloud. New business models and service offerings will be created that embrace the power of open banking. Legacy platform transformation, adoption of technology, collaboration with fintechs and operational resiliency together will play a major role in 2020 for banks to first survive and then thrive. Even though the business environment is tough, banks are taking appropriate steps to safeguard the interests of employees, shareholders and society at large.

CUSTOMER EXPERIENCE TO DRIVE REVENUE

Best-in-class customer service and frictionless experiences continue to be pivotal in banking, and underlies many of the trends this year. COVID-19 has exacerbated the need for digital solutions, video-based interactions and omnichannel experiences. These are necessary for banks to provide uninterrupted services, safely to customers and allow business to continue as usual. Open banking allows banks to use customer data to create personalized products and services for customers. Yet, moving away from legacy technology to adopt open-banking systems remains a demanding task.

Trend 1: Omnichannel strategy for a 360-degree customer view

Customers across industries want seamless experiences. The banking industry is no exception. With globalization and changing customer needs, customers want embedded digital channels in their busy lifestyles. Making customer experiences seamless would mean making the corresponding customer journeys simpler, smoother and sustained. This further implies that banks must achieve the highest levels of multichannel delivery outcomes and become truly omnichannel.

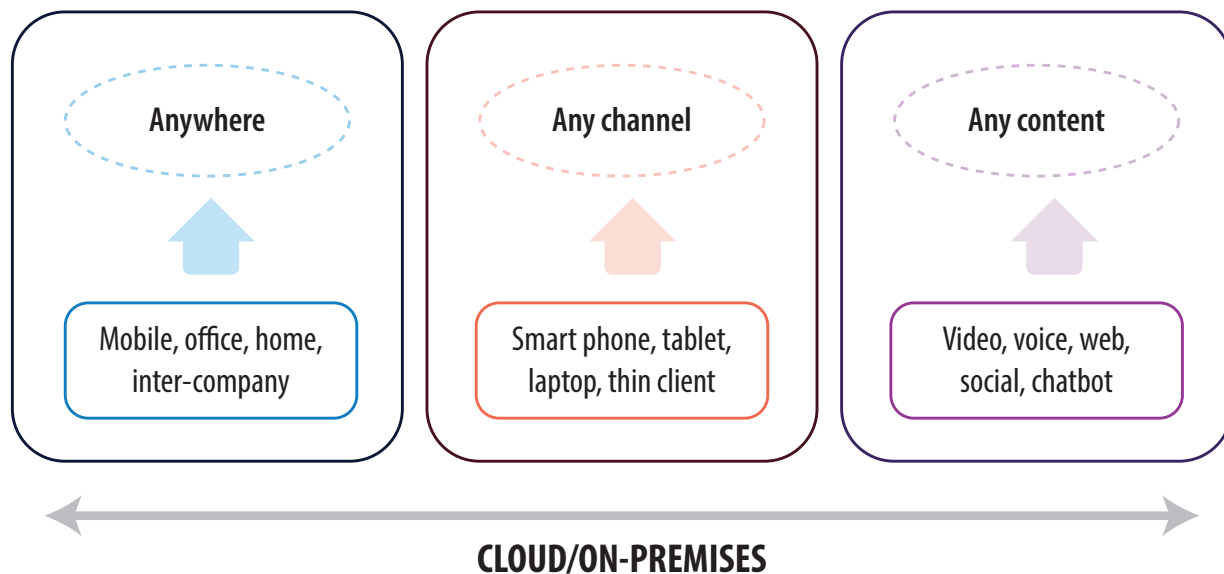
Customers should not experience gaps as they move across channels. A customer should be able to start a journey in one channel, pause on it, move

easily to another channel to be picked up later to complete the same journey. This means banks have to work on synchronizing processes behind the scenes — the customer and staff journeys must be coordinated to make them “omnichannel compatible.” Customers should be able to choose products or services from the location and channel of their choice with convenience and still have a consistent experience. They should be allowed to choose the most efficient and comfortable way for them to interact and still change their minds mid-way.

Digital platforms help provide a 360-degree view of customers and their interactions. The centralized

and synchronized orchestration of all customer interactions across multiple touch points must be device agnostic as well. Digital platforms bring in omnichannel interactions and significant cost savings. This can be achieved by integrating channels, products, processes, peripheral applications, and underlying data and infrastructures, while decreasing the dependence on the core banking systems. These platforms allow banks to deliver seamless end-to-end digital banking experiences and are scalable and enable banks to capture a 360-degree view of customer behavior across multiple channels.

Figure 1. Digital banking platform — a 360-degree view of customers and interactions



Source: Infosys

As a next step, banks need to think first about all the possible interactions the customer might want to have before thinking about the channels, processes, devices, technology and applications. This will shift the bank's focus from being "inward-centric" to being "customer-centric." Focusing on the customer can also help banks identify and collaborate with third-party providers and fintechs in order to provide a better customer experience. For example, Bank Millennium in Poland has implemented mass personalization based on customer behavior segmentation. As a result, the bank was able to sell half of its retail loans through its digital channels.

Banks can then use data and artificial intelligence in order to understand and predict customer behavior. Royal Bank of Canada has implemented an AI platform that provides easier, faster, more

accessible and proactive services to its customers in managing finances.

Although branch numbers are shrinking globally, they will not go extinct. While the load of the branch will be redistributed, branches will continue to be pivotal to the omnichannel strategy and the digital banking platform, as customers will use them as the last bastion for unresolved queries. But branches need to be designed based on their market segment and specific location. Their design needs to factor in customers' characteristics, behavior, and preferred products and services.

Recommendation to adopt omnichannel strategy

Banks need to adopt an omnichannel strategy to retain their customers. They must deliver an interactive, personalized experience through multiple

channels and enabled for multiple devices, through a digital banking platform. Banks must enable mass personalization. This will help them connect to customers, reaching out from multiple customer touch points. They must enable multiple delivery options across channels, but also differentiate their services based on customer profiling and customer preferences. Orchestration must be automated and a routing strategy for marketing or notifications must be defined. The lines between humans and machines will become blurred as AI gains prominence in decision-making and personalized marketing and communication.

Trend 2: Wow the customer with digital onboarding

Digital customer onboarding makes onboarding fast and seamless and is important to create a lasting experience for Gen X and millennials. Disruptions from fintechs and the isolated COVID-19 pandemic, have forced banks to increase their investments in digital customer onboarding. Early adopters have reaped the benefits, as it ensured business continuity during the pandemic, while reducing operational and regulatory risks.

As interest grows from banks globally to reduce physical dependency, they have started

reimagining a few critical onboarding use cases such as data origination, KYC, credit checks and fraud detection. Some Asian banks, such as DBS, UOB, Axis Bank and ICICI Bank, have already established efficient customer onboarding processes. Asian banks are ahead of their counterparts in the U.S and Europe in implementing improved and innovative onboarding.

Banks should consider implementing video-based KYC that adheres to local regulations. Spanish regulator SEPBLAC pioneered video identification

in its digital onboarding process, where customers are allowed to show their ID proofs through a webcam or smartphone camera to complete the KYC process. In India, the banking regulator has also issued guidelines for video-based KYC.

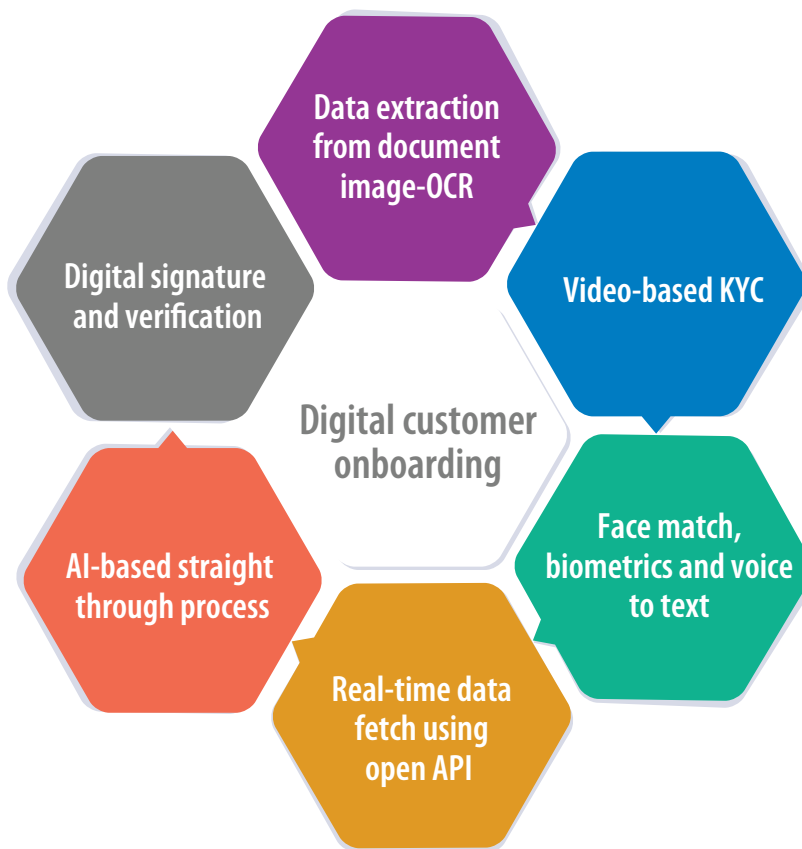
Reducing the time to onboard a customer is difficult and calls for a strategic change in existing processes and the way onboarding data and processes are handled. Back-office and middle-office activities have a large role to play here.

Accurately capturing customer data and digitizing the data at its origination is important to make the process effective. Optical character recognition (OCR) reads customer details from customer documents in real time, and then extracts the required data for onboarding.

Banks must connect with the larger ecosystem by integrating with open APIs. Open APIs help seamlessly connect to third-party databases including credit bureaus and government databases, verify customer data and ensure they comply with regulatory laws in real-time. This real-time authentication helps minimize the risk of frauds as any customer non-compliance with AML, FATCA, OFAC and PEP rules could pose a risk to the bank.

Banks leverage artificial intelligence in multiple ways to enable quicker and secure customer onboarding. AI is used in image forensics and performs a face match. It enables a personalized approach in

Figure 2. Key components of digital customer onboarding



Source: Infosys

analyzing customer data and ensuring all loopholes are plugged. AI automates the analysis of multiple customer documents for sufficiency and accuracy to drive a binary decision for onboarding new customers. This helps reduce the time needed to complete the process from days to minutes. RBS NatWest enabled selfie-based current-account openings using AI. AI has also strengthened the verification of signatures by cross-checking them with multiple ID proofs, further securing the agreement creation process.

Machine learning and deep learning help verify customer data across documents and the

ownership of the documents. Customer photographs are captured in real-time and cross-checked with all the photo IDs submitted by the customer using both machine- and deep-learning-based image forensics. Global banks such as HSBC, Wells Fargo, WestPac, Capital One and Barclays use biometrics and facial and voice analytics in digital customer onboarding.

Recommendations to adopt digital customer onboarding

Banks increasingly want to address the limitations in legacy onboarding processes.

And regulators are on-board as well. They have reacted positively and are approving the increased use of digitization in customer onboarding. But banks should start thinking ahead too. They need a plan to introduce digital customer onboarding using a combination of technology through transformational programs by aligning with accelerators such as inhouse custom built patches and fintech solutions. Developing a digital identity framework with an identity accreditation process built around digital customer onboarding planning will make them more competitive.

Trend 3: Open banking for a banks' all-encompassing persona

Banks were not built to be open. As such, incumbent and legacy platforms are an obstacle to today's frictionless digital customer experiences. But digitization represents a significant opportunity to build new models and open streams of revenue growth. So banks are embracing open systems to provide options to their customers – while regulators are also modernizing their approach. But doing the regulatory mandated bare minimum is a dangerous recipe to lose out to competition from peers, fintechs and GAFAs.

Open-banking adoption can help banks monetize data, develop and cross-sell offerings and gain market share. The biggest disadvantage that banks currently have in providing a seamless customer experience is that they do not have a full view of a client's

data outside their boundary — customers can use more than one bank for their savings and investments. To also succeed as a banking aggregator, they must collaborate with competitors. For example, BBVA's aggregation integrates data of all its customer's accounts and cards that they have with BBVA and other banks into a single application.

In this open distributor model, Banks can continue to focus on their core services and most profitable service lines while not depriving their customers of wider offerings. Banks can also earn commissions from reselling third-party products and services. With the combination of massive customer data and open banking, banks can bundle products and services. They can then create targeted, customer-oriented personalized solutions to cross-

sell and upsell. This will help retain customers. Banks offering bancassurance seamlessly are relevant examples. These products are not on a bank's balance sheet; hence they don't need capital to earn this fee-based income.

Another model is the platform provider role, which allows banks to share and distribute their data, enabling easy integration. This is done by opening the infrastructure and APIs to those who are willing to innovate and collaborate. Banks can monetize their data by selling to the ecosystem players. Allowing players to roll out products faster, helps banks move from a product-focused strategy to a consumer-centric one. Clear Bank in the UK works on a "bank for banks" concept. It does not provide any services to its customers but enables financial institutions



to offer solutions and services and at the same time provides secure access to core banking payment schemes.

The data service provider role allows banks to monetize transactions by exchanging information in a secure manner through APIs. Examples include a credit check to be performed for onboarding or AML checks done during onboarding. When data is shared with external parties, there is a risk of losing the customer relationship. But banks will be able to bring the best of the end-to-end solutions through such partnerships.

An aggregator model helps banks build on customer centricity, providing value and a “frictionless”

experience to their customers. Banks can help their customers by building the needed products and services accessible at one place conveniently. A bank primarily dealing with core services can offer credit cards and wealth management products through applications, offered by third parties. They can use their infrastructure to integrate with third-party product offerings.

Recommendations to adopt open-banking

Banks need a lean team that will identify and then analyze all the pros and cons as well as challenges and risks, all while considering the growth strategy for the bank. The team will need

to lay out a timeline and an approach regarding how the bank will transition into the identified open-banking model. Banks need to have a unified enterprise data strategy. It is imperative to have a collaborative mindset and should not look at open banking or API as just another technology play. Choosing a model or combination of models that suits a bank and its strategy is key. Making this decision at the earliest possible opportunity would help a bank not lose further ground to early adopters. This will become vital as consumer expectations keep growing.



FOCUS ON TECHNOLOGY INNOVATION

PAY

Innovation has always been difficult for banks. That's because of their inherent nature to be risk-averse. Their new-found rivals on the other hand, are bold. These digital natives have a consumer-centric approach that helps foster innovation, test quickly, fail fast and change with agility. The key to their success is their ability to rapidly develop new features in line with customer feedback. And banks need to bank on these features to decide on buy versus build decision.

At the boundaries of this new wave of innovation is artificial intelligence. New AI models can be trained to make real-time decisions supported by strong and broad data inputs. Yet, while many data-driven decisions can be made by AI, a human-touch is still recommended in the form of risk and compliance teams to oversee regulatory requirements.

Trend 4: AI-driven decision making

Banks across the globe have been grappling with automating their business processes. Regulators have accepted the use of technology and favor the adoption of advanced technology such as AI, in areas which are human intelligence dependent. For example, the Hong Kong Monetary Authority has included revolutionary guidelines for AI, automation and analytics that will drive the banks under

its jurisdiction toward next-generation banking through automated AI-driven systems. Embracing AI in decision-making will result in significant time savings as decisions will be made in real time, especially on retail loans, auto financing and credit cards — areas where the volume of transactions is distinctly high.

The base of AI-driven decision-making is digitization and

APIfication. AI models rely on data to make real-time decisions. Hence, it is important for banks to connect with external parties using APIs.

Recommendations to revamp internally

Banks with a significant portfolio in retail and MSME lending need to prioritize AI-based automated decision-making,

as this will bring speed and efficiency to the operation cycle and elevate overall performance and capabilities.

AI models need to be built in conjunction with the risk appetite of a bank. Complex models, such as a decision tree or random forest, are often used in automated decision-making. Banks need to ensure that their decision model encompasses internal and external data. Decision models should allow proper weightage based on a bank's exposure toward a specific product.

API enablement is key for a successful decision model. Banks would need to start connecting external APIs or open APIs from third-party agencies, credit

bureaus and government agencies to get sufficient quality data in real time to enable decision-making.

Paper-based processes must be digitized and automated. This requires automating and streamlining processes. Implementing accelerators such as RPA, digital signatures and analytics will help.

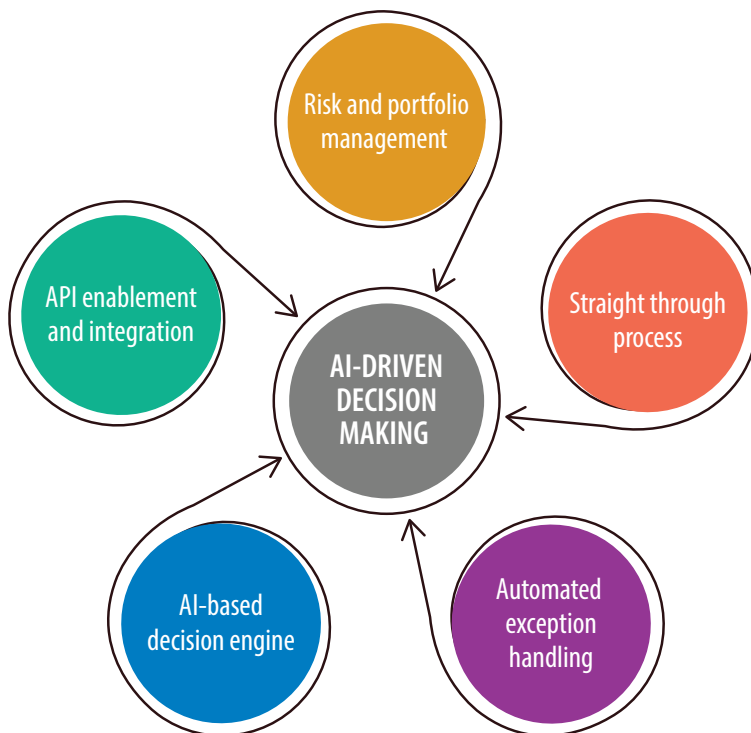
AI can also help banks with their risk and portfolio management. As banks move toward digitization and automated decision-making, it's important to ascertain the thresholds for risk tolerance and the maximum risk appetite a bank would like to take.

Banks can manage exception-handling through automation

as well. Often, the decision flow falls into "exception" due to a data discrepancy or data insufficiency. An automated data management and data repair process can enhance decision-making speed and efficiency.

Consumer banking divisions were early adopters of digitization due to inherent large volumes of data. However, of late, banks have started leveraging AI-driven decision-making in the commercial banking portfolio as well. RBS and NatWest have automated the decision-making process for high-value loans for their commercial and real estate portfolios. Another example includes HSBC deploying an automated AML and sanction screening decision-making system for its global trade business.

Figure 3. Key components of AI-driven decision making



Source: Infosys

Recommendation to adopt AI-driven decision-making

Banks need to make informed decisions and evaluate all risk exposures. Automated AI-driven scoring and decision-making can enhance speed, but further thought is needed in model building and making the model robust to identify hidden patterns. But compliance and risk teams must centrally control this, ensuring an independent process review in order to meet all the necessary regulatory compliance requirements. A focus on credit strategy optimization will also help encompass the risk strategy.

Trend 5: Innovation through fintech collaboration

Historically, banks had no budget or interest to adopt technology and innovation, and were focused on "run the bank" activities and meeting mandatory regulatory changes. But delighting customers is now a priority. In part this also exemplifies the emergence of GAF A (Google, Apple, Facebook, Amazon) as a real threat to the banking industry.

The business environment today poses competition from many neo-banks and digital-only banks. Disruptions such as COVID-19 are also forcing banks to collaborate and fast-forward innovation. Collaboration would help banks advance technologically and boost growth. Fintechs deal with innovative technologies that can help in areas such as digital lending, analytics, default and credit risk, and better customer insight to determine the development of future banking products. Their technology stacks are built on the efficient use of data science, AI, ML, blockchain and cloud.

Fintechs have built a well-connected growing ecosystem with regulators, third-party agencies, developer communities and entrepreneurs. While research and innovation is funded by entrepreneurs and venture capitalists, it is important to get support from the regulators and government bodies, because of their market expertise and involvement in infrastructure setup.

Figure 4. Fintech ecosystem



Source: Infosys

So, what should banks do?

Many factors today are driving banks to rethink and partner with potential fintechs in their area of business. Millennial customers demand seamless and real-time experiences. But banks need to shift quickly from their conventional mode of innovation to a partnership-based innovation. Collaboration with fintechs will speed up bank's execution in digital transformation and meet customer expectations.

Large banks have already acquired a large stake in fintech companies. For example, Royal Bank of

Scotland has bought a 25% stake in UK-based fintech Loot, which offers current account and prepaid card solutions. RBS has also collaborated with FreeAgent, a fintech that offers financial accounting cloud-based solutions. HSBC has joined forces with Australian fintech Identitii to help streamline client experiences and automate accounts receivable. HSBC has also collaborated with Bud to access the startup's open banking aggregation. Barclays Bank has partnered with fintech Bink in introducing an efficient loyalty program for its cardholders.



Recommendation for banks to build a fintech ecosystem

Banks need to evaluate “build vs. buy” at every stage of their technology investment in any initiative. Fintechs can augment banks’ existing offerings, add to customer delight and quickly improve their net promoter score in a shorter time to market. Building a customer base for a bank is no small feat; therefore banks must carefully determine the right-fit fintechs. Fintechs do not necessarily have in-depth understanding of a bank’s overall objective and business model. Hence, bringing the right fintech

onboard needs to follow a careful selection and strategic alignment process. Banks often look for fintechs with proven solutions and products. In some cases, a geography-specific solution or option is preferred, especially in cases involving the need for compliance or regulatory solutions. A mutual trust needs to be built in order to drive the same objective of making customers’ lives easier and boost customer experience. These measures should be well balanced between the qualitative and quantitative credibility of a fintech.

Often large banks have multiple lines of business and each operates in silos. For fintechs, it

becomes difficult to establish the right connection.

GAFA have already stepped into the payments and banking sector. Therefore, partnerships with fintechs specializing in a niche technology and innovation are crucial for banks to keep pace in this dynamic world. Banks need to be more open-minded and tolerant about accepting innovation in order to fuel their business growth.

IMPROVE COST EFFECTIVENESS

The economic impact of COVID-19 has been devastating. Banks are looking for ways to optimize costs and improve efficiency, while the regulatory environment turns harsher. Banks are turning to digitization through cloud and a host of other technologies to help save time, effort and costs

Trend 6: Drive operational efficiencies through digitization

The pandemic has impacted the economy and banking revenue has taken an unexpected hit. Banks have no option but to look at factors that can push the revenue lever as high as possible. A flexible and agile technology framework can help banks enhance operational efficiency and fight against volatility or business stress. To achieve this, a strategy for process optimization, digitization and automation must be formulated.

Technologies such as RPA, OCR and blockchain are some drivers

for banks to automate manual approaches and make their processes efficient. This will help reduce risk and enhance growth. Each technology can make a difference, and an amalgamation of technologies can result in a dramatic change.

The back office has now become the center of innovation. For ages, banks have been ignoring the need to modernize the manual back-office. Some banks are maintaining multiple back-office legacy systems, which operate in silos. The back office has been

ignored by management largely because its ROI in the short term cannot be justified. But times have changed. Banks are ready to invest and leverage the technology re-engineered process. Charles Schwab and JPMorgan Chase are some prominent banks that have transformed their back-office using automation.

OCR is being used to improve back-office operational efficiency. The technology helps with document verification, extracting data from documents, billing, customer onboarding, data

origination and digital signature verification. OCR enables 24x7 digital service that is fueled by automated document scans and uploads.

Blockchain has enhanced visibility, increased efficiency and reduced operational costs. Blockchain has allowed the creation of solutions for some of the challenging business functions such as collateral management, document management, cross-border payments, trade contract management among others.

RPA helps banks operate efficiently and make the best use of their resources. However, early adopters dived into the technology without a strategic approach. Having one will help

banks realize the benefits of RPA. HSBC and OCBC Bank apply RPA to handle operations of compliance checks such as document verification in the KYC process.

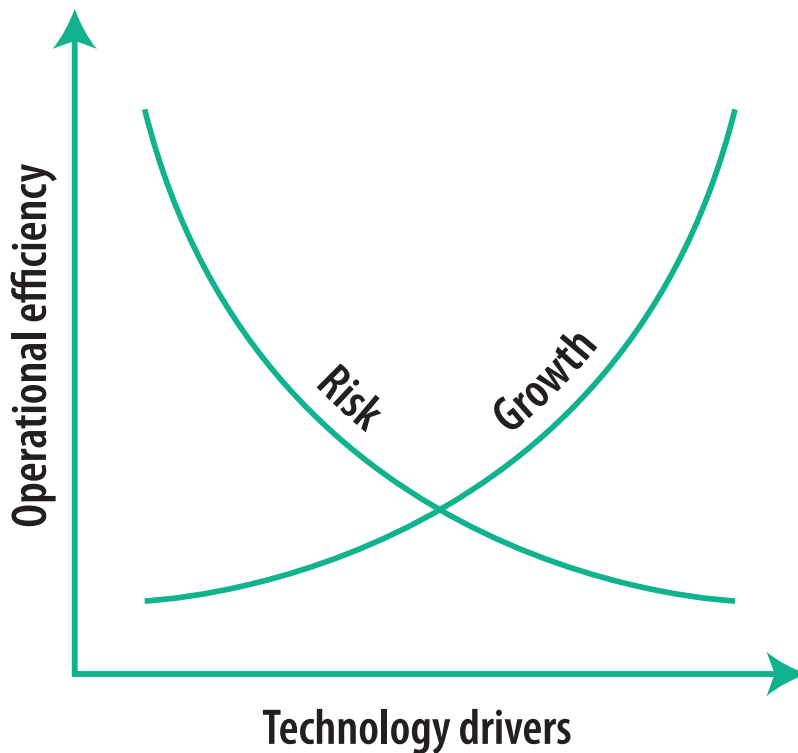
Unleashing the potential of RPA is possible through integration with AI to create what is called intelligent RPA. Banks have already realized the need for RPA and are proactively taking ownership of the transformation of operations through RPA-driven processes. Automation Anywhere, UiPath, Blue Prism, Workfusion, PegaSystem and Nice are some of the prominent names in the RPA market. IBM's Watson is supporting thousands of Crédit Mutuel's customers daily as a virtual assistant in responding to inquiries related to products.

Standard Bank leveraged Workfusion's AI-fueled RPA automation solution to reduce customers' onboarding time to just a few minutes.

Recommendation to enhance operational efficiency

Increased adoption of technology including RPA, blockchain, OCR can help banks enhance operational efficiency significantly. Automating manual tasks will also safeguard a bank against any pandemic-led lockdown. Banks should also look for innovative solutions or offerings from fintechs, to gain a competitive edge. A best-fit product can be selected after reviewing the processes that need to be automated. In the future, a bank's success will depend on how it can leverage the RPA-AI solution in a holistic manner rather than for individual processes, and how it can build a customer-oriented strategy.

Figure 5. Impact of technology drivers and operational efficiency



Source: Infosys

Trend 7: Manage compliance costs in an increasing regulatory environment

In a bid to spur economic growth, most countries deviated from the global regulatory standards that were set in place after the previous crisis. This has resulted in the dilution of the regulatory framework, and as a result, there are many regulations that are yet to be implemented. Regulations are modified and reevaluated by regulatory agencies in order to tailor them based on the prevailing business climate and perceived risks that are dominant at the time.

In the U.S., the Economic Growth, Regulatory Relief and Consumer Protection Act ensures that regulatory necessities for the major financial institutions are in place; however, the regulations are withheld for those companies that fall below the legislative threshold. The Volcker Rule has been relaxed and trading restrictions have been reduced for midsize banks while easing it for larger banks. This has reduced banks' compliance requirements. Amendments to the CCAR and DFAST, frameworks used for stress testing, have improved the design structure and brought in transparency.

Nonfinancial risks such as cybersecurity, business resiliency, compliance, operational risk, data governance and privacy are some of the focus areas of regulators. Regulations on fintechs have come into existence, providing them the latitude to research and transform while ensuring they play within the regulatory framework. The capital requirements in CRD5 and CRR2 have been revised, thereby strengthening the liquidity situations of EU banks. Meanwhile, GDPR, which protected the personal data of EU citizens, has been implemented by many financial institutions in the European Union.

Financial institutions are under substantial pressure to comply with local jurisdiction and home country guidelines. Meanwhile they continue their compliance journey exhausting the latest technologies in risk and compliance. Many banks are facing over billions of dollars of fines due to noncompliance. With huge fines and operational costs, banks are left with a pittance for any transformation projects.

Recommendation to adopt compliance-as-a-service model

Banks should consider compliance-as-a-service model that will reduce associated costs and will help banks to speed up with the frequent regulatory tractions. Often regulatory specifications and standards are interpreted in different ways by different intermediately parties. This has created fragmented environment within banking industry and will further require legislation to balance the arena. Hence, banks should work closely with the regulators to get clarity and standardize the regulations globally or as per the jurisdiction.



Trend 8: Cloud for infrastructure resiliency and efficiency

Financial institutions are facing challenges presented by new dimensions, including ever-changing customer expectations, emerging technologies and new business models, and all of these agenda items see regulatory compliance loom in the background.

Cloud technology helps face these challenges. It changes banks' logic and approach in finding solutions to problems. Cloud is comparatively less expensive, faster and a more elastic alternative to an on-premises data storage and compute option.

Financial institutions can implement new business and operating models to increase revenue generation and new solutions can be efficiently built and scaled more quickly. This agile innovation helps with a faster

rollout of new products and services relevant to the market.

Costs can be contained, and initial capital expenditure can be reduced. Banks can pay for technology costs based on operations and can easily adapt to changes in priorities and manage cost efficiencies through computing capacity and enormous storage availability.

A distributed environment can be built and an unlimited number of micro services can coexist. Banks need to be more innovative in accessing the right data to get actionable insights and are looking to harness and derive benefits from the massive data they possess. These data sets can be tapped to strengthen customer insights by applying advanced analytics.

Cloud helps connect the enterprise. Changes in consumer behavior have led to core system upgrades, automation of back-office-linked processes and the elimination of data silos. The cloud helps collect, store and analyze data efficiently. It helps enterprise-wide synchronization by breaking operational and data silos, such as customer support, finance, risk and regulatory compliance, across functions. This leads to integration of business divisions, sharing data and driving combined decisions to help solve customer issues. Banks can monetize their enterprise data through other banks, fintechs and third-party players in the expanding ecosystem.

Cloud encourages business innovation. It helps create a strategy for customer experience, offers, optimizing operations and

talent management, by leveraging new tools such as AI, ML, NLP, IoT and virtual reality. Google Cloud has signed a five-year deal with Lloyds Banking Group as part of the bank's endeavor to spend GBP 3 billion on digital transformation projects to modernize customer experiences.

Aligning business and technology helps units with fresh talent and newer ways of working. New technology solutions attract fresh talent with the latest skill sets, such as DevOps and Agile for financial institutions.

Cloud helps establish application infrastructure that is resilient, secure and scalable as needed. These characteristics are vital in dealing with business exigencies such as the COVID-19 pandemic. With cloud, bank's

respond quicker to outages and disruptions through data backup and seamless recovery. It allows to move data across data centers and regions. Security on the cloud has a track record of being as secure as an on-premises environment. Standard Bank SA has started a move of its on-premises ERP SAP and SAP S/4 Hana customers to Microsoft Azure Cloud. While this is a joint development of the tech giants, the objectives are very clear: to reduce reliance on their data centers, and to achieve simplification, acceleration and innovation.

Today, cloud providers offer generic cloud services. Goldman Sachs is considering a rollout of a vertical cloud platform specifically to be used by financial institutions.

Recommendation for banks to adopt cloud

Banks should look further at cloud to increase operational efficiency, scale up and create new business models. Cloud adoption helps banks equip themselves with the capacity to be able to process massive, fluctuating volumes of data. This opened a huge potential for agility and long-term growth in the banking industry. Banks can uncover new revenue streams and mitigate risk by addressing capacity, redundancy and resiliency.

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