

# TOP TRENDS IN BANKING 2021

Interactive  
eBook

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Drivers, opportunities and risks  
shaping the banking industry

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# TOP TRENDS IN BANKING 2021

Capgemini Top Trends in Banking 2021 books explore and analyze the various business trends expected to shape the financial services ecosystem this year and beyond.



# Top Trends in Retail Banking 2021

COVID-19 has accelerated the need to innovate, optimize and transform for retail banks globally.

The pandemic pushed the need for integrated **risk management** techniques that equally consider financial and operation risks, and for **cost transformation** through leaner physical models and emerging technologies. On another front, **front-, middle- and back-office digitization** is a must to reduce the rising banking fraud.

**Cloud** as a business driver has gained in importance as on-premise infrastructures are giving way to a virtual platform that is easier to manage, innovate and scale. This has led to a heightened focus on offerings like **banking-as-a-service** as a viable delivery for consumers. Add to this an increased awareness on **ESG** (Environment, Social and Corporate Governance) as a growing imperative, and the landscape is literally changing under the feet of the retail banking industry.

In such an environment, the focus is squarely on the customers and their experience. Such initiatives as a **segment-of-one** – where customized offers are pushed – and creating **one-stop-shop** sales and service opportunities create a truly **customer-centric** model, and **humanize** digital experience to foster more authentic, real-time connections.



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# Top Trends

Trend  
01

Non-financial risks accelerated by the pandemic require robust strategy, oversight

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COVID-19 pushes cost transformation into overdrive

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Cloud's silver lining – business agility

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04

Banking-as-a-service exemplifies Open X potential

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ESG boosts responsible banking and resiliency

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06

Banks tap low-interest, no-friction, value-based offerings to energize customer acquisition

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07

Banks leverage segment-of-one marketing to hyper-personalize offerings

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08

Tomorrow's frontrunners will offer consumers convenient one-stop shops

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09

Humanizing digital experiences will foster more authentic customer connections

Trend  
10

Banks can reduce fraud with end-to-end value chain optimization



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# Top Trends in Wealth Management 2021

**Sustainable investing** had begun to gain prominence as investors became more aware of ESG considerations, and firms rolled out more sustainable investing offerings. In the wake of the pandemic, the demand for sustainable investing has only gone up, especially as ESG funds often outperformed broader indexes in 2020. Another trend that has accelerated in the post-COVID world is the importance of investing in **omnichannel capabilities and technologies** such as artificial intelligence to enhance personalization and advisor effectiveness. The pandemic has driven wealth management firms to accelerate their **digital transformation** journey, with some immediate focus areas being **interactive client communications** and digital advisor tools.

Wealth management (WM) firms are facing greater pressure than ever before on their revenues and margins. This year's report outlines a few strategies to bolster revenues and secure client relationships amid uncertainty, such as engaging **underserved segments**, exploring client engagement **beyond investment advice**, and technology-driven hyper-personalization. The report also captures market opportunities such as **innovation in fees** and the use of **alternative data** for gaining a unique advantage in providing investment returns.

Yes, budgets are tight, but the **Open X ecosystem** offers wealth management firms opportunities to reimagine their operating models and deliver excellent customer experience cost-effectively.



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# Top Trends

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Pandemic opens the eyes of digital transformation laggards

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02

As sustainable investing inches toward the mainstream, a holistic approach is needed

Trend  
03

Technology-driven hyper personalization will be critical for loyalty and growth

Trend  
04

Underserved segments offer growth opportunity amid revenue and margin pressures

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The new normal necessitates next-gen client reporting

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06

Alternative data sources and real-time data are rewriting the investment playbook

Trend  
07

The new market share battle may be decided by innovative fee structures

Trend  
08

WM firms and WealthTechs go beyond investment advice to deepen client relationships

Trend  
09

Ecosystems collaboration lights the path to capability building and profitable growth



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# Top Trends in Payments 2021

2020 has heralded an era of major changes in technology adoption and consumer behavior.

**Payments-as-a-Service** is becoming the option of choice for both cost-effectiveness and speed-to-market. In a scenario where business and revenue models are challenged – and digital mastery is the competitive differentiator – players are implementing to expand and fortify their ecosystems. Investments in **super-app models** emerging technologies are on the rise to mitigate fraud. **Data-driven offerings** are being considered for providing value-added propositions. **Distributed ledger technology** is in focus for digital currency solutions, efficiency enhancement, and cost gains.

Payments are now part of the retail ecosystem, and **digital IDs** offer shoppers seamless experiences and end-to-end value. Demand and preferences for digital payments were already high, and now COVID-19 is prompting demand for **alternative payments**, which offer more speed, convenience, and superior CX. Ensuring foolproof customer authentication and **transaction security** is a prerequisite for firms today, as payments transition to open infrastructure and digital payments continue to proliferate.

With the entry of **new payments players** and diverse offerings, the industry will become more complex, requiring **regulators' attention** to balance the growing market landscape. **Regional initiatives** such as P27 (Nordics real-time payments system) and the EPI (European Payments Initiative) are gaining traction in response to country-level fragmentation and competition.



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# Top Trends

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Payments-as-a-Service gains traction among small- and mid-tier institutions

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COVID-19 is fast-tracking alternative payments adoption

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Super-app operating models offer a path to one-stop functionality markets and end-to-end CX

Trend  
07

With an eye on expansion, tech giants augment payments offerings to attract new customers

Trend  
03

Payments firms turn to DLT for efficiency and economy

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Tech investment surges as payments firms augment transaction data security

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Data-driven offerings are the latest winning propositions for payments firms

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Regulators beef up scrutiny of new players and offerings as the ecosystem evolves

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Digital ID is becoming an invisible payments enabler for retailers

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Evolving regional payments schemes are poised to challenge the powerhouse status quo



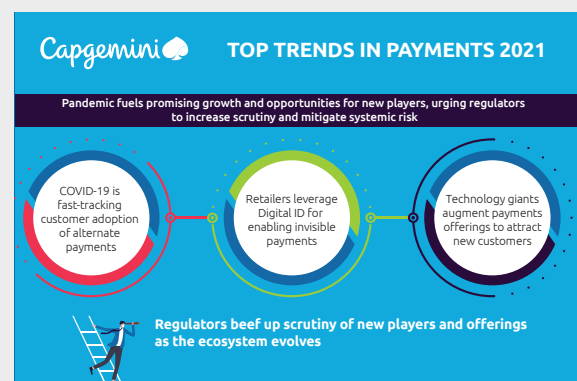
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# Top Trends in Commercial Banking 2021

The global health crisis was a catalyst that has prompted banks to prioritize digital transformation, build digital capabilities, and shift towards a more intelligent, collaborative and experiential model, while remaining customer centric.

Bank [integration within clients' ERP](#), treasury management, and accounting systems will be critical to automate and streamline finance and treasury processes. Uncertain credit risk evaluations of corporate clients within current COVID-19 conditions have also driven banks to shift quickly to [cognitive technologies](#) to strengthen credit risk management.

As a new wave of tech companies specialize in SME needs, commercial banks are [rethinking their existing business models](#) through product innovation to capture the SME segment. They also look to [transform the customer experience](#) by leveraging technology with an unprecedented focus on digital offerings. As brick-and-mortar branches remain largely closed during the pandemic, commercial banks are also compelled to identify [new customer engagement methods](#) and adopt digital tools.

COVID-19 made it evident that collaboration with ecosystem players was crucial. The pandemic encouraged commercial banks to invest in [FinTech-powered business lending platforms](#) to meet growing customer demands. Partnering with FinTechs will also help them provide a comprehensive suite of [value-added banking and non-banking services](#) that increase SMEs engagement across the value chain. Leveraging collaboration, banks are transforming their businesses from a product-led, siloed model to an [experiential and agile](#) plan.



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# Top Trends

**Trend 01** Integrating banking within corporate client workflow

**Trend 02** Banks use cognitive technologies to strengthen credit risk management

**Trend 03** As FinTech cater to SMEs, incumbents rethink existing business models

**Trend 04** Banks transform CX with a focus on digital

**Trend 05** Investment in FinTech solutions boosts digital business lending within pandemic environment

**Trend 06** Banks identify new ways of doing business to continue seamless customer support

**Trend 07** Banks need value-added services to meet the expectations of small-business clients

**Trend 08** Commercial banks are turning to Open X to create an experiential and agile business model



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