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World Retail Banking Report 2022: Incumbent banks must embrace data-centric capabilities to drive personalized customer experiences

The World Retail Banking Report 2022 found that 95% of executives believe their current outdated legacy systems and technological capabilities are unable to fully optimize their data for customer-centric growth strategies

Paris, April 21, 2022 – Retail banks are currently lagging in their ability to offer true omnichannel experiences, as customers pivot to competitors that offer more personalized experiences, according to the [World Retail Banking Report 2022](#) (WRBR) published today by [Capgemini](#) and [Efma](#). 75% of customers surveyed are attracted to FinTechs' cost-effective and seamless services, significantly raising their digital banking expectations. However, traditional banks are struggling to deliver, with 70% of banking executives concerned they lack sufficient data analysis capabilities. Therefore, with customers now able to switch providers at the tap of a screen, it is critical banks better leverage data and Artificial Intelligence (AI) to tailor the experience, create stronger connections and maximize customer value.

The recent surge of FinTechs within the industry has caused a paradigm shift in what consumers now expect from their banking experience, challenging the revenue and relevancy of many traditional providers. In the report's 'Voice of the Customer' survey, about 75% of respondents said they are attracted to these new agile competitors as they offer fast, easy-to-use products and experiences that are readily available while remaining low in cost. On the other hand, nearly half of respondents said their current banking relationships were neither rewarding (49%) nor emotionally connected (48%). 52% said banking was not "fun." To keep pace with these rivals, retail banks will need to rethink their business models and focus on driving greater customer engagement.

Customers want rewarding, engaging experiences that are easy and approachable

With enhanced data governance models, banks can collect proprietary customer insights to improve the competitiveness of their digital marketing capabilities. Combining this with AI and Machine Learning (ML) will unlock new possibilities in identifying, retaining and engaging customers with real-time experiences. However, many of these benefits are lost to traditional banks who currently lack the capabilities to process the sheer volume of customer data. In the report's executive survey, 95% of top global banking executives said outdated legacy systems and core banking platforms inhibit efforts to optimize data and customer-centric growth strategies, while 70% said they lacked resources to process and analyze data.

"The formula for growth sounds simple. Customers want to be provided with personalized experiences, regardless of wherever they may be on their own digital journey. The challenge, however, remains in

execution,” says Nilesh Vaidya, Global Industry Head, Retail Banking and Wealth Management, Capgemini’s Financial Services Strategic Business Unit. *“Retail banks must rethink their wider business models, restructuring to focus on providing the same personalized, lifestyle-enabled ecosystem journeys that customers have come to expect from their digital interactions. Without addressing the disparity and striking inconsistency between a customer’s digital and physical banking experiences, traditional banks risk losing customer value to their more agile FinTech counterparts.”*

Banks must leverage platform-based models to optimize growth

According to the survey, more than 70% of banking executives cited that traditional banks lack data and analytics capabilities. As incumbent banks race to keep pace with the nimble FinTechs, many providers are meshing traditional offerings with nonfinancial lifestyle products. Others are offering Banking as a Service (BaaS) and embedded banking solutions via the ecosystems of non-financial third parties. Platform models can help collect data for personalization, making them well-positioned to mine data ecosystems and derive real-time insights.

However, while platform-based models are not new for banks, many players are still struggling with their execution. In the executive survey, 78% of respondents worried about cannibalizing products through ecosystem partners, and 72% were concerned about preventing brand dilution. According to the report, the challenges must be faced to deliver the personalized, omnichannel experiences and ecosystem journeys that customers want, which will rely on embracing new technologies and tearing down internal silos.

“To thrive in this fiercely competitive environment, with digitally native FinTechs continuing to capture a rising amount of market value, we’re seeing retail banks finally embracing innovative technologies and platform-based models to optimize this data-driven growth,” says John Berry, CEO of Efma. *“While this has evolved within many of these incumbents’ digital channels, customers still expect branches to be experience centers, filled with self-service options and financial advice. By strengthening their ability to collect and analyze data, providers can identify what customers want, which ultimately is consistent omnichannel banking experiences.”*

Positioning Banking CMOs as customer strategists and chief engagement officers to deliver a true omnichannel experience

In tackling the data- and technology-driven challenge of strengthening customer relations and personalizing their banking experiences, Chief Marketing Officers (CMOs) need to step up and play a pivotal role in this evolution. According to the survey, 75% of global banking CMOs said they have direct responsibility for brand building (25% said it was a shared responsibility with other C-Suite executives), and 63% for new products’ development and launch, demonstrating how these leaders are expected to own the customer lifecycle and manage each facet of customer engagement. However, many of these CMOs are ill-equipped to guide the transition from product- to customer-centric marketing, cites the report, largely because the data needed to pursue those customer-based strategies is poor, siloed and focuses only on internal data, missing the external data sources.

For example, only 22% of CMOs reported that they directly manage end-to-end customer experiences or have access to complete customer profiles needed to effectively tailor their product or service. However, through engaging with this critical data, CMOs can deliver a true omnichannel experience by anticipating customer needs and creating personalized offerings. To achieve this, CMOs will have to take a page out of the FinTech’s book to curate targeted content, upgrading the banking experience with continual process improvements and establishing an effective, data-driven value loop which prioritizes engagement and long-term relationships. In doing so, retail banks will be able to create, realize and capture long-lasting customer value.

Report Methodology

The World Retail Banking Report 2022 draws on insights from two primary sources – the Global Voice of the Customer survey 2022 with 8,051 respondents, and the Executive surveys and interviews 2022 with 142 banking executives. Together, these primary research sources cover insights from 29 markets: Australia, Austria, Belgium, Brazil, Canada, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Kuwait, Luxembourg, Malaysia, Mexico, Netherlands, Norway, Qatar, Singapore, Spain, Sweden, Switzerland, UAE, UK, and US.

For more information, please visit www.worldretailbankingreport.com.

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