



FORRESTER®

# The Future Of Digital Banking, Revisited

Banks Refocus Their Future Visions On Resilience  
And Shoring Up Revenue Opportunities

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## Executive Summary

In 2022, nothing is business as usual for banks. At the turn of the year, banks were already struggling to keep up with the rapid pace of change in the banking sector, coupled with the aftereffects of a global pandemic and rising consumer expectations — and the world continues to evolve. What passed for good last year is now superseded by digital innovations and experiences that continue to raise the bar. In addition, macroeconomic circumstances have deteriorated dramatically since last year. Global shifts in geopolitics, wars, regulatory developments, and economic headwinds weigh heavily on businesses. Banks are under sustained pressure to future-proof their business models by increasing resilience, shoring up existing revenue streams, and developing new ones.

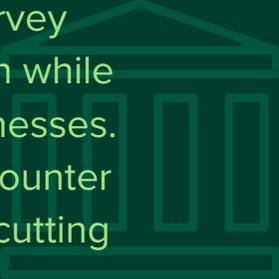
In June 2022, Sopra Steria commissioned Forrester Consulting to evaluate banks' strategic focus and future readiness in digital banking. This is the second installment of the annual benchmark study. To explore this topic, Forrester conducted an online survey with 792 senior decision-makers at banks globally with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack.

We found that, while banks have made considerable progress on their digital banking transformations, new circumstances and environments hinder their path to future readiness, leaving most feeling less confident. As a result, banks will further extend their collaborative business models and rely more heavily on their vendors for assistance in coping with fast-moving market dynamics.



## Key Findings

**With a looming downturn, future-proofing business models is an even stronger imperative for banks.** One-third of survey respondents noted their banks fear an economic recession while supply chain disruptions have already impacted their businesses. Banks have to split their attention between innovating to counter the downturn and increasing operational resilience, while cutting back on budgets and head counts.



**Banks restructure their future roadmaps to build resilience and capitalize on growth opportunities.** Immediate imperatives include fortifying cybersecurity and supply chains to bolster resilience. Simultaneously, banks are prioritizing the creation of new revenue streams, such as by improving environmental sustainability and supporting the financial well-being of customers.



**Banks struggle to transform by themselves.** Transformation is proving hard for banks as their confidence in their future readiness decreased this year with the biggest drops in process and structure and cross-functional, agile collaboration — both crucial aspects to drive change and evolution towards collaborative business models.



**Banks will rely more heavily on their vendors to cope with fast-moving market dynamics.** Almost two-thirds of banks (65%) prefer to turn to third parties rather than build homegrown solutions. Investments go to higher-tech vendors with capabilities that help banks move the needle with their ecosystem ambitions, as challenges become more acute and environments more difficult.



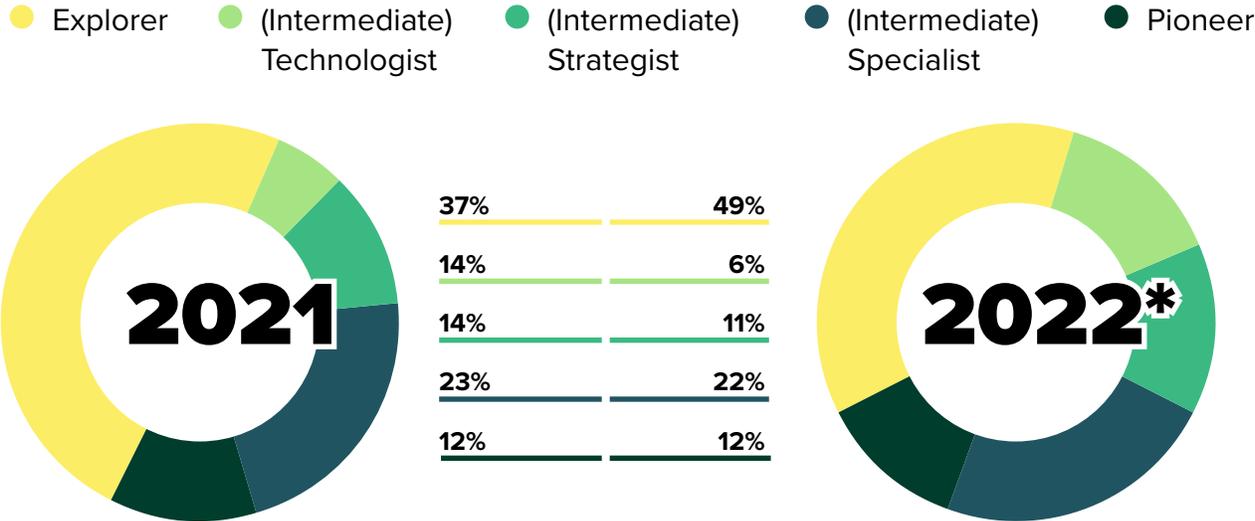
# In 2022, Nothing Is Business As Usual For Banks

Against the backdrop of a decade that started with a global pandemic, banks must now weather further storms ahead. In surveying 792 senior decision-makers at global banks, we found that, while their banks have made progress on their digital banking transformations, new circumstances and environments hinder their path to future readiness, leaving most feeling less confident.

We reapplied the 2021 future-readiness scoring framework.<sup>1</sup> 2022’s assessment revealed that banks’ relative confidence in their future readiness has decreased: Almost half (49%) of respondents now fall into the Explorer category, the lowest-ranking type, compared to 37% in 2021 (see Figure 1). The surplus of Explorers came from a drop in the Intermediate segment, which was split into three subcategories: Technologist, Strategist, and Specialist. The largest portion drop in the Intermediate segment came from the Technologists (-8%). Finally, the small margin of leaders (the Pioneers) remained constant at 12%.

**Figure 1**

### Banks Are Less Confident In Their Future Readiness



Base: 760 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2021  
 \*Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack  
 \*Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

The drop in banks' confidence is not due to stalled progress on their transformation journeys.<sup>2</sup> The shift arises as banks — especially the ones with lower maturity — realize how hard transformation really is in disruptive times. Global shifts in geopolitics, wars, regulatory developments, and economic volatility weigh heavily on confidence. Banks are under sustained pressure to future-proof their business models by shoring up existing revenue streams and developing new ones, while still grappling with the aftermath of the COVID-19 pandemic. They face the following three main forces:

Pioneers proactively plan to weather the storm by increasing operational resilience, while Explorers are most anxious about an economic recession.



- **Macroeconomic developments present a challenging backdrop.**  
Since last year, macroeconomic circumstances have deteriorated dramatically. The conflict in Ukraine has precipitated a macroeconomic shock, sanctions have worsened previously existing supply bottlenecks, inflation has surged beyond the levels that had been caused by the pandemic, and the outlook for growth has been steadily deteriorating.<sup>3</sup> One-third of respondents fear an economic recession, while supply chain disruptions have already impacted business. Banks are innovating to counter the downturn: 43% of respondents' banks are increasing their digital tool and service offerings to help customers manage their finances. Simultaneously, banks have to split their attention between increasing operational resilience (31%) and reconfiguring supply chains (30%), while having to cut back on budgets (26%) and headcounts (26%).
- **Collaborative business models challenge the idea of what it means to be a bank.**  
The onset of open and embedded finance sees banks embedding themselves with partnerships across financial ecosystems to cater for complex customer needs.<sup>4</sup> Banks are caught between a rock and

Pioneers are paving the way with clear future visions. **More than 9 in 10** recognize the vital role of collaborative business models.

94%

a hard place: Two-third of respondents feel driven towards collaborative business models by new legislation and increasingly high consumer expectations (76%) but are also fearful that these business models could pose an existential threat (74%).

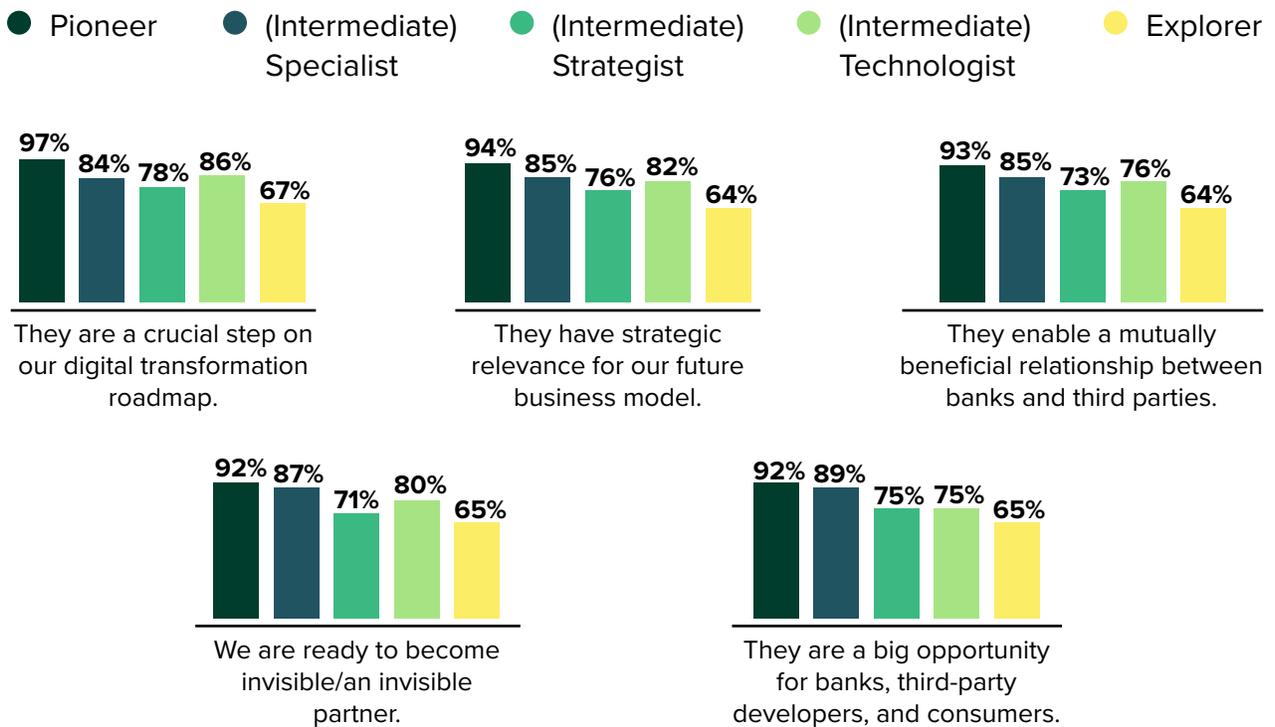
However, there is no turning back and most banks know this. Seventy-six percent acknowledge the opportunity in these models and make them a foundational part of their digital transformation roadmaps (77%) and strategies (74%) (see Figure 2).

of Pioneers agree as a service will become the leading deployment/delivery mode in the future.

Figure 2

**Banks Recognize The Vital Role Of Collaborative Business Models**

(Showing “Strongly agree” and “Somewhat agree”)



Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

One-fifth of respondents even declare their banks as ready for open finance — a cornerstone for collaborative, embedded financial services — and more than half are making considerable efforts with dedicated teams to respond to open finance and build more open finance services.

- **Cloud delivery models are changing how financial services firms deliver value to their customers.** Within a heavily regulated industry, cloud sourcing is not a light undertaking, but cloud delivery models, such as as a service and as a platform, offer new routes to market and a trove of other benefits.<sup>5</sup> Seventy-four percent of respondents agree as a service will become the leading deployment and delivery mode in the future. Cloud-based delivery models are popular: 49% of respondents' banks source software-as-a-service (SaaS) capabilities for their own products and services, and 52% already offer their capabilities to third parties, enabling new revenue streams. Pioneers are most advanced when it comes to offer “buy now, pay later” (BNPL), auto lending, insurance, and account servicing capabilities to third parties via SaaS.

## **BANKS DOUBLE DOWN ON THEIR CORE PRIORITIES WHILE ENSURING BUSINESS CONTINUITY**

Although circumstances have changed dramatically, banks' critical components of success prevail as their top priorities from 2021 remain the same this year: ensuring security and providing a consistent digital experience (see Figure 3).

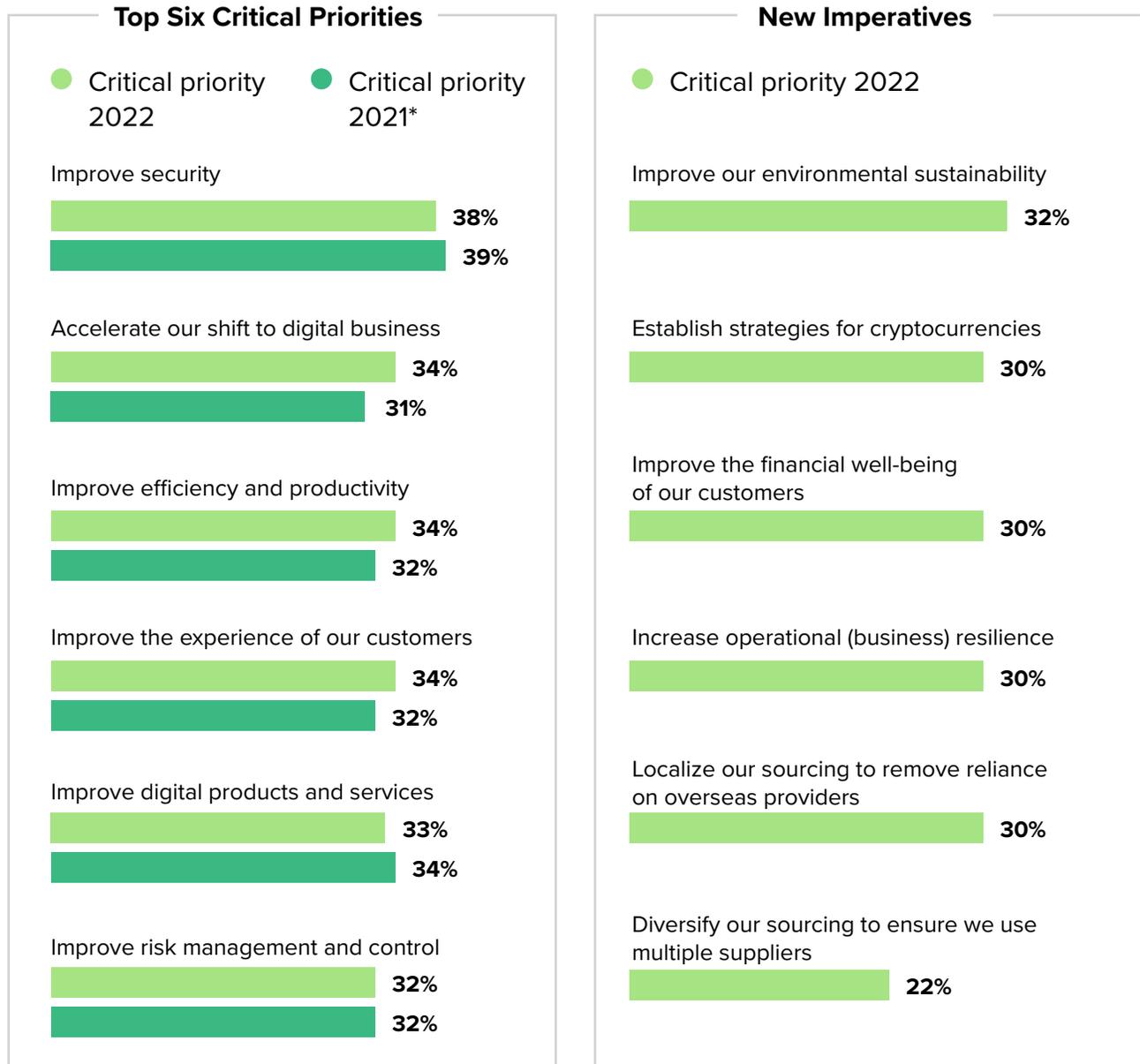
However, banks only have a short window to take action to navigate macroeconomic uncertainty. In addition to their top priorities from last year, banks are lining up more immediate imperatives to ensure business continuity. Decision-makers tell us they're working to increase operational business resilience (30%), as well as localizing (30%) and diversifying their supply chains (22%).

Resilience alone is not enough to future-proof a business. Banks are simultaneously prioritizing the creation of new revenue streams, such as by improving their environmental sustainability (32%), establishing strategies for cryptocurrencies (30%), and supporting the financial well-being of customers (30%).

**Figure 3**

**Banks Critical Priorities Remain Unchanged And There Are More Immediate Imperatives To Future-Proof Business**

(Showing “Strongly agree” and “Somewhat agree”)



Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

\*Base: 760 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

\*Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2021

## Banks' Confidence Falls As They Struggle To Transform By Themselves

Banks already had a full agenda in 2021, and the world continues to evolve. What passed for good last year is now superseded by digital innovations and experiences that continue to raise the bar; consequently, banks are less confident in their ability to execute as they struggle to tackle ongoing transformation and constantly evolving consumer expectations simultaneously.

Our future-readiness scoring framework examines five categories that are essential for a rounded operating model: 1) strategy; 2) culture, talent, and skills; 3) ecosystem engagement; 4) process and structure; and 5) technology and integration.<sup>6</sup> Transformation is proving hard for banks as respondents' confidence in their future readiness decreased across all categories this year (see Figure 4). Year-on-year comparison reveals the biggest drops are in the areas of:

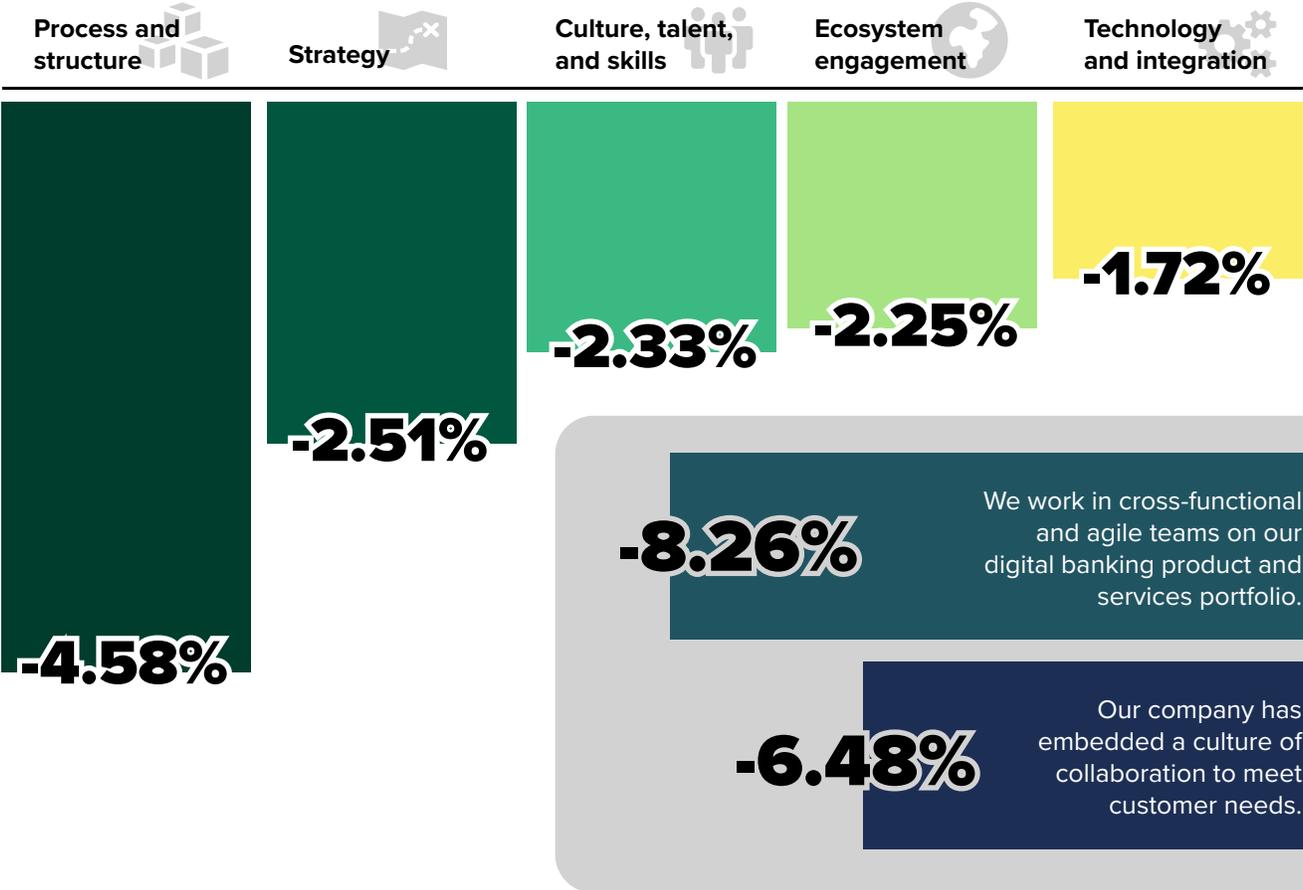
- **Process and structure.** Together, process and structure formalize the operating model to drive change and evolution during transformation. Failing to formalize processes makes it harder for banks to achieve business outcomes and puts future strategy at risk.
- **Cross-functional, agile collaboration.** Collaboration is a pressing issue for banks and crucial for ecosystems and collaborative business models. Banks are now facing challenges with cross-functional, agile working methods and collaboration, exacerbated by the shift to a hybrid workforce post-pandemic.<sup>7</sup>

Future readiness continues to vary across regions and company sizes. From a regional perspective, Latin America, North America, and Asia are most impacted as the number of respondents whose banks fall in the Explorer category has risen by 13%, 20% and 32%, respectively, compared to the previous year, bringing them to the top of the list for largest representation of Explorers. Latin America and Asia have far tougher competition in the form of superapps, such as Gojek, Grab, and WeChat, which raise the bar high for digital experience; emulating and meeting the higher expectations of customers in these regions presents a tougher challenge. Europe, despite a challenging environment, saw an overall improvement with a slight rise in Pioneers (+1%) and Specialists (+7%).

When it comes to company size, future readiness decreased significantly for smaller banks with an uptick of 18% in the Explorer category for Tier 4 banks and 13% for Tier 3 banks. Tier 4 banks also had a significant decrease of Pioneers (-12%) and Specialists (-8%). Tier 2 banks, on the other hand, are divided as they see an increase in Explorers (+8%) but also in Pioneers (4%) and Specialists (+4%). Larger banks are more likely to sustain their own software studio, a stronger emerging tech pipeline, and afford and compete for talent with other tech firms.

**Figure 4**  
**Transformation Proves Hard For Banks As Their Confidence In Their Future Readiness Decreases**

(Showing “Strongly agree and “Agree”)



Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

Note: Showing year-on-year differences in agreement with statements

Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

## DIGITAL BANKING CHALLENGES AND DISSATISFACTION WITH VENDORS FURTHER HINDER TRANSFORMATION

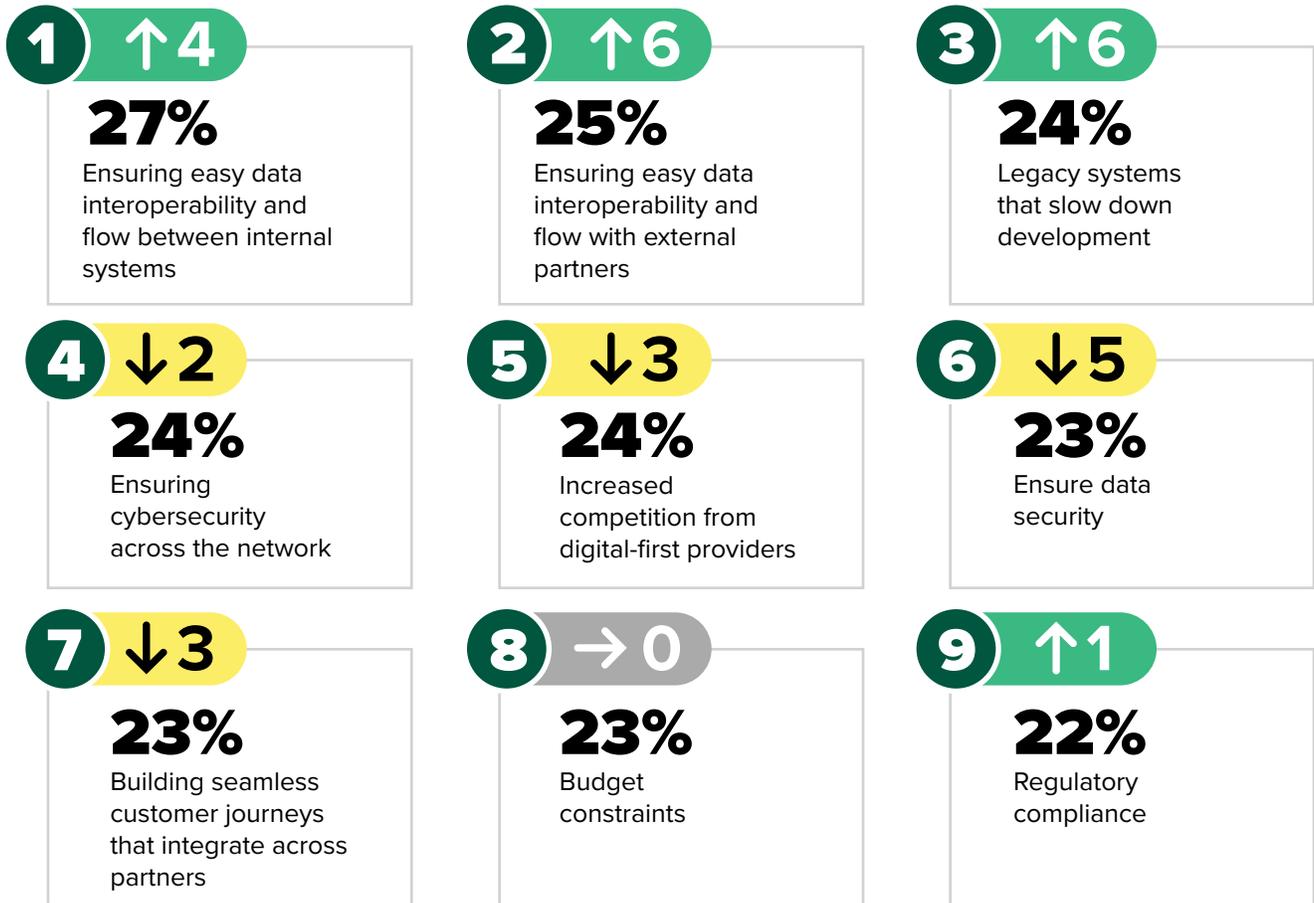
Although banks have made considerable progress handling familiar challenges — especially in critical areas such as cyber and data security — they remain critical hurdles banks still grapple with. All the while, new imperatives are arising as banks progress with their digital transformation and ecosystem approaches. The main challenges that respondents reported this year are (see Figure 5):

- **Data interoperability.** As collaboration with third parties grows and ecosystems progress, ensuring data interoperability (27%) and flow between internal and external systems (25%) are respondents' banks' biggest challenges. The lack of a clear overview of their data also impedes banks from successfully building end-to-end customer journeys across partners, which one in five reports as a challenge.
- **Security concerns and legacy systems.** Even though they appear to be less severe, top challenges from last year continue to be a problem with legacy systems slowing down development (24%) as well as security concerns around ensuring cybersecurity across the network and infrastructure (24%) and data (23%).
- **Budget constraints and competition.** One out of five respondents also report budget constraints as a challenge as well as an increased competition from digital-first providers (24%) and concerns around disintermediation (22%).
- **Dissatisfaction with digital banking technology providers.** More than one-quarter (26%) of respondents from the Explorer and Intermediate segments stated that their organizations were not satisfied with their technology providers' digital banking capabilities. Only 6% of Pioneers reported the same, indicating that more mature banks are sustaining better partnerships and working more effectively with their partners.

Figure 5

### Critical Hurdles Remain And New Barriers Arise As Banks Progress With Their Transformation And Grow Ecosystems

#### Top Challenges With Digital Banking In 2022



Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

Note: Arrows show year-on-year comparison in ranking of challenges

Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

A year-on-year comparison reveals that vendors have not improved in important areas with the flexibility of deployment model and the size of innovation ecosystem remaining two of the main points of dissatisfaction for Explorers and Intermediates. Other drivers of dissatisfaction that emerged this year were the availability of value-adding extensions, such as third-party marketplaces, analytics capabilities, security and compliance features, and customization and configuration capabilities.

## Banks Refocus Their Visions To Future-Proof Their Business Models

Economic headwinds coupled with unexpected macroeconomic developments make planning and budgeting for future direction and roadmaps harder than normal.<sup>8</sup> Decision-makers at banks are thinking twice about where to invest. While they are not shying away from putting money behind their most important initiatives — over 90% tell us they plan to increase their investments — the focus of their investments has changed.

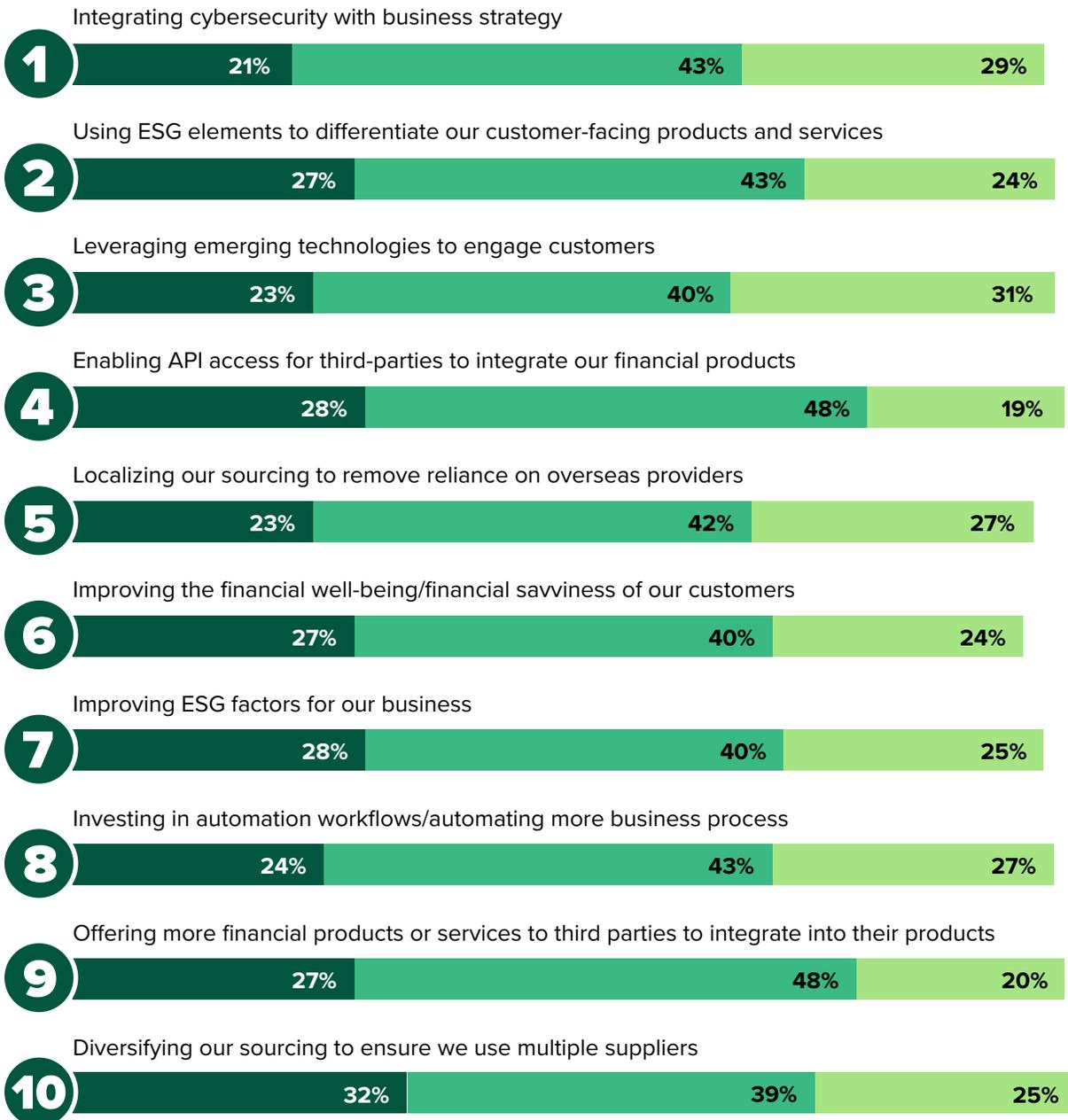
With the changes in their environment, it has become more pressing for banks to adapt swiftly and future-proof their business models. Last year, banks' future visions and roadmaps focused on innovation, getting better at using data and analytics tech, and IT integration with partners.<sup>9</sup> In 2022, the world has moved on. Banks future visions and roadmaps reflect this as they now focus on bolstering resilience to enable themselves to capitalize on growth opportunities and give rise to new revenue streams. Decision-makers at banks are aggressively increasing investments in the top priorities of their future visions and roadmaps, including (see Figure 6):

- **Increasing business resilience.** To fortify and protect customer data and operations, integrating cybersecurity with business strategy is the top priority initiative for banks' future roadmaps. Banks also invest heavily in localizing and diversifying their sourcing to avoid potential issues in their supply chains and remove reliance on single or overseas providers. Lastly, automating more business processes is key, as it allows banks to be more efficient, especially during periods of change.

Figure 6

## Banks Increase Investment In Their Top Ten Priority Initiatives Of Future Visions And Roadmaps

● Increase 1% to 5%   ● Increase 6% to 10%   ● Increase of more than 10%



Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

Note: Showing top 10 responses

Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

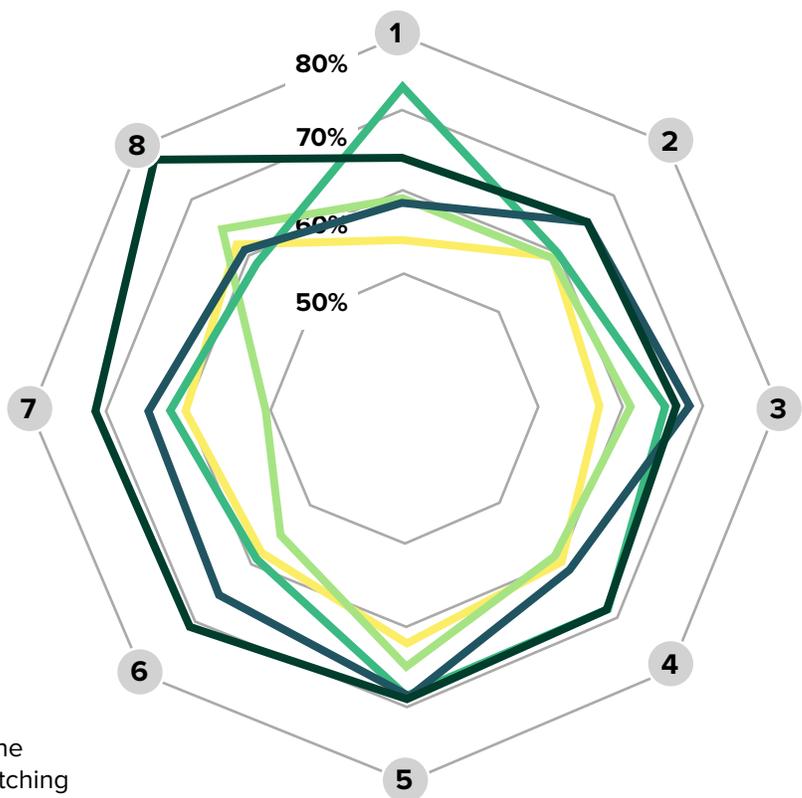
- Boosting customers' financial well-being.** Respondents noted their banks want to improve not only their own organization resilience but also the financial resilience of customers (see Figure 7). Customers face a range of financial challenges from macroeconomic headwinds, such as inflation, and the majority are anxious about their financial situation.<sup>10</sup> Improving the financial well-being and savviness of customers is a great opportunity to drive engagement, create new value, increase loyalty, and future-proof revenues.<sup>11</sup> In the coming year, around two-thirds of respondents' banks plan to emphasize the creation of inclusive and accessible financial products and services that help customers manage their mid- to long-term finances (66%) and strive to increase financial literacy (64%).

**Figure 7**

**Banks Boost Customers' Financial Well-Being**

- Explorer
- (Intermediate) Technologist
- (Intermediate) Strategist
- (Intermediate) Specialist
- Pioneer

- 1 Increasing customers' overall financial wellbeing
- 2 Implementing alternative credit scoring methods
- 3 Providing money management tools to help customers manage their finances
- 4 Providing financial educational tools and increasing financial literacy
- 5 Creating inclusive and accessible financial products and services
- 6 Incorporating behavioral insights into financial experience design
- 7 Investing in technologies to identify financial vulnerability through data analytics
- 8 Offering comparison tools and/or online brokerages that facilitate provider switching

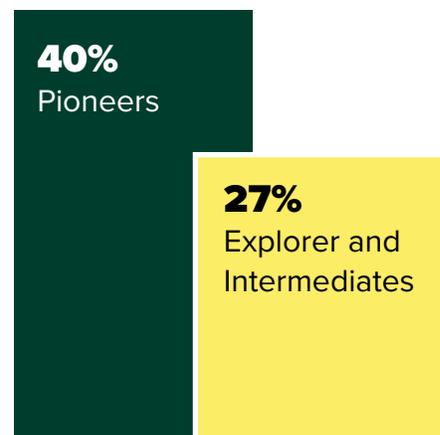


Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

- Advancing ecosystems and collaborative business models.** In 2021, one of banks' top future initiatives was to improve IT integration with their partners. This year, it is all about embedded finance, driving growth by offering more financial products or services to third parties to integrate into their products, specifically via enabling API access. When it comes to capabilities, virtually all banks plan to invest in features that support ecosystem development, such as open banking compliance (94%) and data exchange with third parties (93%).
- Improving environmental, social, and corporate governance (ESG).** Over the coming years, sustainability will become a top priority for CEOs.<sup>12</sup> Financial services firms have a big role to play in sustainability with an opportunity to mitigate ESG risk to boost returns, drive transparency, and change behaviors.<sup>13</sup> The way banks are implementing ESG is two-fold: 1) to differentiate customer-facing products and services and 2) to improve ESG factors for their own business. If they could turn commitments into concrete action, they would not only drive growth but also win consumer trust.<sup>14</sup>
- Leveraging emerging technologies and trends.** Payment and money transfer is the number one digital banking capability banks are planning to increase their investments in the next year with a special focus on innovative solutions, such as blockchain, stablecoins, central bank digital currency (CDBC), and other investment cryptocurrencies, as well as real-time and cross-border payments (see Figure 8). Aside from payments, other emerging technologies that decision-makers are planning to invest in include innovative data security to safeguard consumers (90%), in regulatory technology (regtech) to enhance compliance (90%), in augmented and virtual reality to engage customers (88%), and in robotic process automation and low-code platforms to boost efficiency (87%).

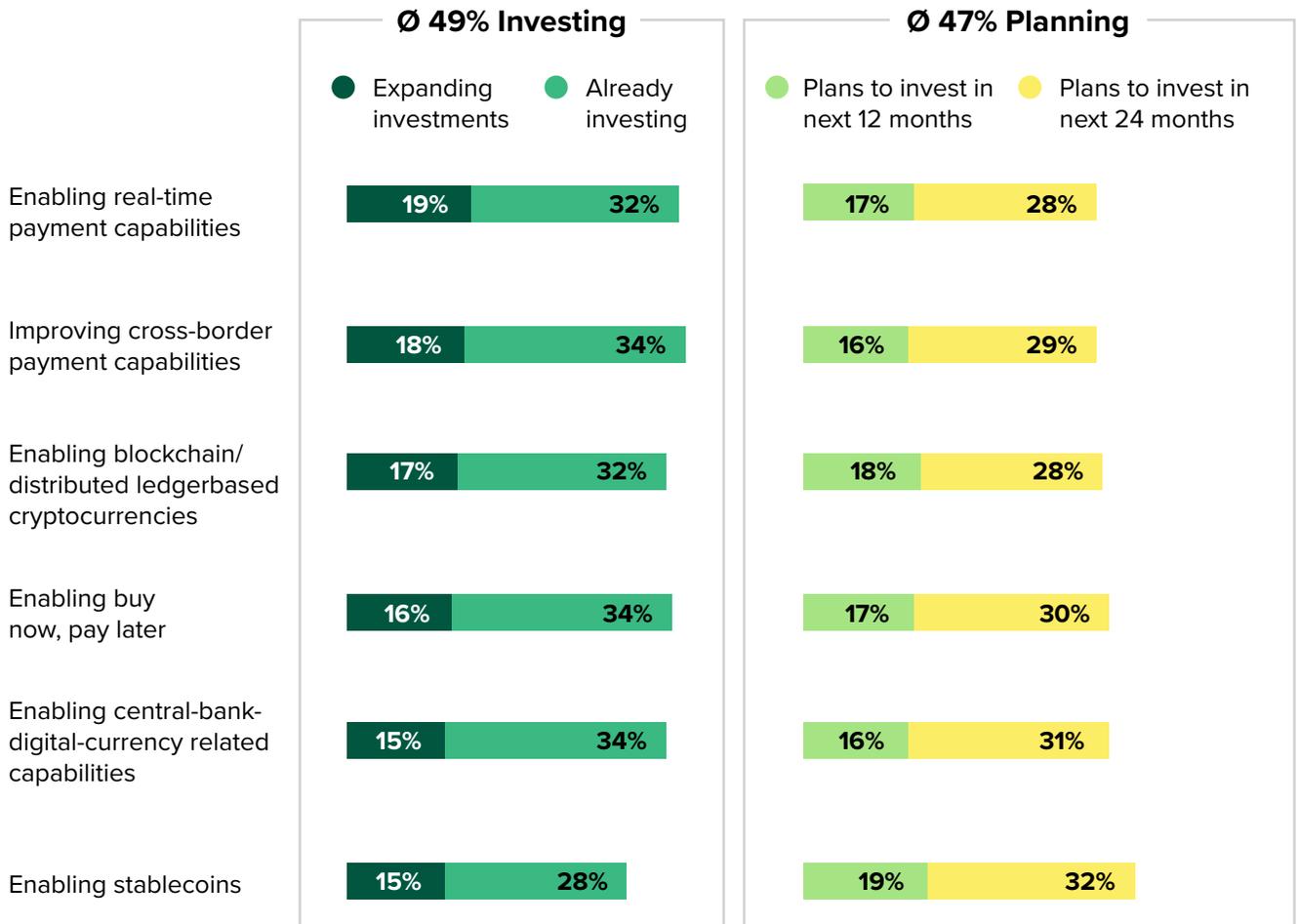
Pioneers invest considerably more than other segments.



**"Increase of more than 10% across all initiatives"**

**Figure 8**

**Most Banks Already Invest In Innovative Payment Solutions**



Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

Note: Averages may not add up because the figure is not showing all payment solutions covered in the research.

Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

A profound trend we continue to see this year: Pioneers make much better use of the digital banking opportunity than all other segments. They define clearer and more powerful strategies as they place a much stronger weight on all areas of their future visions and roadmaps, but especially on beneficial initiatives, such as collaborative business models and ecosystems, bolstering supply chains, ESG products and emerging technologies, and customers’ financial wellbeing. Pioneers also make considerably higher investments than other segments, maximizing the value for themselves and their customers.

While banks are heavily investing in bolstering resilience and seizing new revenue opportunities, they risk failing to counteract some of their biggest challenges. Redesigning workplaces to be more conducive to agile methodologies and integrated teams ranked only eighteenth amongst future priorities, although it was the critical issue driving the drop in banks' future readiness. Banks also need to tackle the elephant in the room: Upgrading, replacing, or consolidating legacy business applications and systems ranked only twelfth.

### **BANKS SEEK ASSISTANCE FROM THEIR VENDORS TO COPE WITH FORCES THAT ARE CHANGING THE INDUSTRY**

This year's challenging environment does not only bring about a shift in banks' priorities, roadmaps, and investments, but also when it comes to the vendors and third-parties banks work with. In surveying banking decision-makers, we detected:

- **A further shift to constellation architectures.** In 2022, banks will rely even more heavily on third-party expertise to advance their ecosystems and achieve growth, reflecting the steady shift to combined delivery models and collaborative architectural patterns.<sup>15</sup> Compared to last year, fewer decision-makers at banks plan to build capabilities themselves (-6%) but instead augment their own with a third party (+3%) or source them exclusively from a third party (+3%) (see Figure 9). Just under two-thirds of respondents (65%) now prefer to turn to third parties rather than build homegrown solutions, as they are keen for assistance that allows them to cope better with the forces that are changing the industry.

Pioneers continue to maximize the opportunity that ecosystem and collaborative business models provide — and see vastly more benefits as a result.



**Figure 9**

**Banks Will Rely More Heavily On Third Parties As Shift To Constellation Architecture Continues**

	Build ourselves 	Augment with a third party 	Source exclusively from third party 
Account aggregation	29% <span>-11%</span>	41% <span>+9%</span>	25% <span>+2%</span>
Financial planning and management	30% <span>-10%</span>	38% <span>+5%</span>	27% <span>+7%</span>
Payments and money transfer	29% <span>-8%</span>	41% <span>+8%</span>	26% <span>+4%</span>
Improvement of customer onboarding	27% <span>-8%</span>	42% <span>+5%</span>	27% <span>+4%</span>
Loan origination/ application and management	30% <span>-7%</span>	40% <span>+5%</span>	25% <span>+4%</span>
<b>Average across 15 capabilities</b>	<b>29%</b> <span><b>-6%</b></span>	<b>40%</b> <span><b>+3%</b></span>	<b>25%</b> <span><b>+3%</b></span>

Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

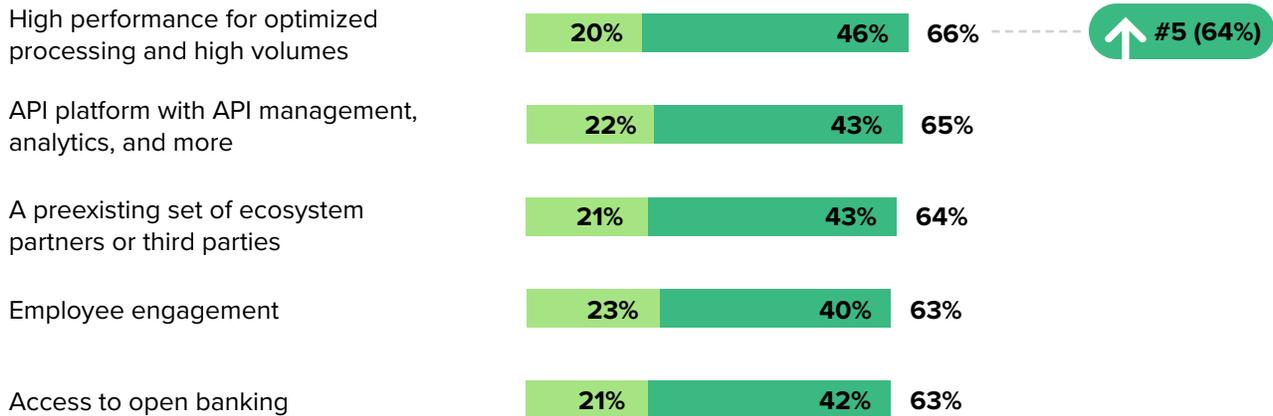
- A shift towards actionable solutions from high-tech vendors.** When choosing their vendors, banks value different capabilities this year. Banks’ focus in 2021 was heavy on basic help from customer support and consulting. In 2022 investment has shifted to higher-tech vendors with capabilities that help banks move the needle with their ecosystem ambitions, as challenges become more acute and environments become more difficult. This year, two-thirds of respondents are zooming in on high-performance vendors that help their banks extend their ecosystems through API platforms (65%), offer a preexisting set of ecosystem partners (64%), and provide access to open banking (63%) (see Figure 10).

**Figure 10**

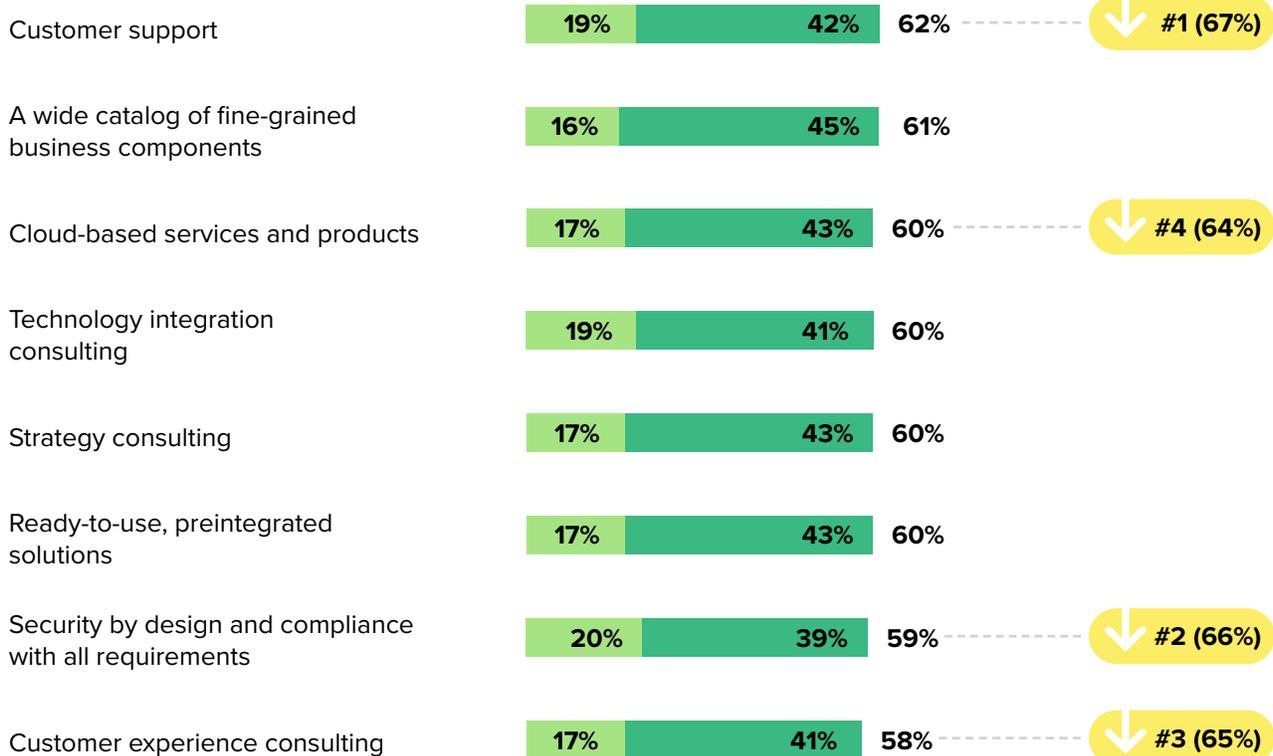
**When Choosing Their Vendors, Banks Show Needs Shift To More Actionable Capabilities**

● Critical ● Very important

**Top 5 in 2021**



**Top 5 in 2022**



Note: Total percentages may not equal separate values due to rounding.

Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack

Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

Investments in ecosystems and constellation architectures will enable banks to be ready to capitalize on growth opportunities in the era of open finance (see Figure 11). Banks realize numerous benefits such as revenue growth (78%), improved customer loyalty (77%), better customer experience (76%), reduced time to market (77%), and risk (76%). Pioneers, who seize the opportunity of collaborative business models the most out of all segments, also derive most value as virtually all (95% on average) expect their banks to achieve significant benefits. Ninety-nine percent of Pioneers foresee revenue growth as a result of adopting collaborative business models.

**Figure 11**  
**“Ecosystems and collaborative business models enable us to ...”**  
 (Showing “Strongly agree” and “Somewhat agree”)

● Pioneers    ● Explorer and Intermediates



Base: 792 global decision-makers at banks with responsibility for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, July 2022

## Key Recommendations

This year's survey revealed what a hard time the banks are having, not because they are doing anything badly, but because customer expectations continue to march forward and several unexpected global issues create a perfect storm for continued uncertainty. For many, the investments they made last year fixed some pandemic-driven issues, but largely led to them standing still. For 2023, eke out every drop of value from selective sourcing and ringfence discretionary budget for consumer-facing, differentiating innovation — not just cost efficiency.

Forrester's in-depth survey of 792 senior decision-makers at banks about the future of digital banking yielded several important recommendations:

### **Tackle the challenges head on.**

There is a risk that some of the issues this year will become systemic through failure to prioritize resolution effectively. Issues around hybrid working are driving down the confidence of banks in their ability to build future resilience, yet tackling it and redesigning workplaces is eighteenth on the list of next year's priorities. Also, watch the buildup of technical debt. It is easy to leave the data in silos or oil the creaking platforms, rather than replace them when economic conditions tighten. Don't make the mistake of kicking the can too far down the road as it will eventually stifle innovation.

### **Use 2023 to pivot towards becoming a more purposeful organization.**

Two pivots are in play. Banks themselves are focusing hard on ESG and getting their own house in order. At the same time, the eventual response to the macroeconomic headwinds will increase hardship and financial difficulty for customers. People remember who helped them in hard times, and the strongest loyalty builds from that. Focus on well-being tools for customers — a perfect open finance use case. It is not by accident that Pioneers invest heavily in improving customers' well-being.

### **Prioritize future vision, despite headwinds.**

Despite challenges, banks must not lose sight of the long-term plan. Visions must be bold enough to drive differentiation, otherwise the risk is that you get everything done on last year's roadmap, only to realize that the world has moved on. We see that reflected in this year's survey driven by circumstances outside banks' control. Get the vision back on track in 2023. Make room to evaluate emerging technology, and ensure the north star continues to drive long-term ambition.<sup>16</sup>

### **Augment the core with selective SaaS.**

Cloud-hosted capability judiciously deployed can enhance capabilities with banking applications outside of the core and selectively upgrade applications or elements of architecture discretely. Buyers are looking for specialist solutions to plug gaps in their own capabilities, rather than the more general financial cloud solutions. Look for vendors with progressive roadmaps and a strong cultural fit.

## Appendix A: Methodology

In this study, Forrester conducted an online survey of 792 senior decision-makers at global financial services institutions to evaluate the future of digital banking. Survey participants included decision-makers for credit/lending, customer experience, digital banking, open banking or ecosystem initiatives, payments, and the technology stack. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study began and was completed in July 2022.

## Appendix B: Demographics

REGION	
Europe	<b>38%</b>
Asia	<b>18%</b>
Africa	<b>16%</b>
North America	<b>15%</b>
Latin America	<b>7%</b>
Middle East	<b>7%</b>

TYPE OF FINANCIAL INSTITUTION	
Corporate bank/commercial bank	<b>23%</b>
Digital bank/challenger bank/neobank	<b>23%</b>
Consumer finance	<b>20%</b>
Retail bank	<b>20%</b>
Universal bank	<b>14%</b>

SIZE OF FINANCIAL INSTITUTION	
Tier 1 (More than US\$500 billion and up to US\$750 billion)	<b>16%</b>
Tier 2 (More than US\$100 billion and up to US\$500 billion)	<b>34%</b>
Tier 3 (More than US\$20 billion and up to US\$100 billion)	<b>32%</b>
Tier 4 (More than US\$5 billion and up to US\$20 billion)	<b>17%</b>

TITLE/ROLE	
C-level executive	<b>24%</b>
Vice president	<b>34%</b>
Director	<b>42%</b>

AREAS OF RESPONSIBILITY*	
Credit/lending	<b>94%</b>
Customer experience	<b>95%</b>
Digital banking initiatives	<b>95%</b>
Open banking or ecosystem initiatives	<b>94%</b>
Payments	<b>94%</b>
Technology stack/portfolio	<b>95%</b>

DEPARTMENT	
IT	<b>24%</b>
Operations	<b>14%</b>
Digital transformation	<b>11%</b>
Marketing	<b>11%</b>
Corporate strategy	<b>9%</b>
Executive team	<b>8%</b>
Sales	<b>8%</b>
Customer experience	<b>7%</b>
Product	<b>7%</b>

Note: Percentages may not total 100 due to rounding.

\*Note: Respondents must have responsibility for one or more of these areas.

## Appendix C: Supplemental Material

### RELATED FORRESTER RESEARCH

“Research Overview: Open Finance And Collaborative Business Models In Financial Services,” Forrester Research, Inc., October 12, 2021.

“Open Finance Will Reshape Financial Services Over The Coming Decade,” Forrester Research, Inc., August 5, 2021.

“The Evolution Of Digital Banking Platform Architecture,” Forrester Research, Inc., April 6, 2020.

### ADDITIONAL RESOURCES

“Master Ecosystems To Be Future-Ready in Banking”, a commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, October 2021.

## Appendix D: Endnotes

<sup>1</sup> The future-readiness scoring framework examines five categories of banks’ operating models: strategy; culture, talent, and skills; ecosystem engagement; process and structure; and technology and integration. All five aspects are essential for a rounded operating model, however we weighted them in the following order: 1) strategy, 2) culture, talent, and skills, 3) ecosystem engagement, 4) process and structure, and 5) technology and integration. Source: “Master Ecosystems To Be Future-Ready in Banking”, a commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, October 2021.

<sup>2</sup> In fact, banks have made considerable progress in their digital transformations: Their time to market for new products and services decreased by 27%; they face fewer challenges with their digital banking, especially in critical areas, such as cyber and data security (-15%); and they are more satisfied with their digital banking technology vendors (+4%). Banks’ investments are paying off and they are building competence in some of the most challenging areas.

<sup>3</sup> Source: “Shifting challenges, stable priorities: euro area banks in times of war and interest rate normalisation,” Andrea Enria, Chair of the Supervisory Board of the European Central Bank, at the 6th European Banking Federation Boardroom Dialogue, July 7, 2022.

<sup>4</sup> Source: “The Future Of Banking Is Built On Trust,” Forrester Research, Inc., July 29, 2020; “Open Finance Will Reshape Financial Services Over The Coming Decade,” Forrester Research, Inc., August 5, 2021.

<sup>5</sup> Source: “Applying Financial Services Clouds In Banking,” Forrester Research, Inc., January 11, 2022.

<sup>6</sup> Source: “Master Ecosystems To Be Future-Ready in Banking”, a commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, October 2021.

<sup>7</sup> Source: “The Future Of The Office,” Forrester Research, Inc., September 7, 2022.

<sup>8</sup> Source: “2023 Planning Isn’t Business As Usual,” Forrester Research, Inc., August 23, 2022.

<sup>9</sup> Source: “Master Ecosystems To Be Future-Ready in Banking”, a commissioned study conducted by Forrester Consulting on behalf of Sopra Steria, October 2021.

<sup>10</sup> Sources: “The Financial Well-Being Opportunity,” Forrester Research, Inc., September 13, 2022; Forrester's July 2022 Consumer Energy Index And Retail Pulse Survey, 2022.

<sup>11</sup> Source: “Research Overview: Financial Well-Being,” Forrester Research, Inc., December 1, 2021.

<sup>12</sup> Source: “The Future Of Business Is Sustainability,” Forrester Research, Inc., October 27, 2021.

<sup>13</sup> Source: “How Financial Services Firms Are Embracing Sustainability Around The World,” Forrester Research, Inc., February 17, 2021.

<sup>14</sup> Consumers want the organizations they deal with to have their best interests at heart as well as a clear set of values that they put before profits. Trusted organizations will build unbreakable bonds with customers; attract the best, most dedicated talent; and create inimitable engagement models with partners and emerging technologies — all while minimizing risk. Source: “The Trust Imperative,” Forrester Research, Inc., May 12, 2021.

<sup>15</sup> A constellation architecture enables connections within banking platforms, others' platforms, software-as-a-service (SaaS) capabilities, and other banking application ecosystems to assemble hybrid solutions that serve your end customer and employees. Source: “The Evolution Of Digital Banking Platform Architecture,” Forrester Research, Inc., April 6, 2020.

<sup>16</sup> Source: “Applying Financial Services Clouds In Banking,” Forrester Research, Inc., January 11, 2022.



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