

Trends in Finance

for 2024



Introduction

As the banking industry enters a new and demanding phase, financial institutions are under pressure to expedite their transformation efforts.

However, they must manoeuvre through various influential factors that could affect their performance and strategic initiatives. These factors encompass inflationary pressures, potential shifts in interest rates, geopolitical uncertainties, and global economic changes. As profit margins peak, disparities in performance across different regions will become more evident due to variations in rate cycles and competitive dynamics.

The rapid advancement of technology, coupled with the convergence of multiple trends, is fundamentally altering the way banks operate and serve their customers. In 2024, global banking trends are projected to centre around heightened digitalisation, the adoption of cutting-edge technologies such as artificial intelligence, the promotion of sustainable and ethical banking practices, bolstered cybersecurity measures, safeguarding customer data privacy, ensuring regulatory compliance, and the ongoing refinement of customer-centric financial services.

These trends occur within the competitive landscape shaped by fintech innovations, where collaboration with these new entrants and fintech partners may continue to impact the industry.

European concerns in 2024

may encompass regulatory changes, fostering digital transformation, enhancing cybersecurity against evolving threats, ensuring sustainable and responsible banking practices, and effectively navigating economic uncertainties.

In America, this year

it will be key to embrace technological advancements for enhance customer experience and to maintain competitiveness in a rapidly evolving financial landscape.



Banking experience is a strong element in brand differentiation, generating trust and value perception. That is why it continues to be a key factor and again, a priority for this year.

1. Banking for all

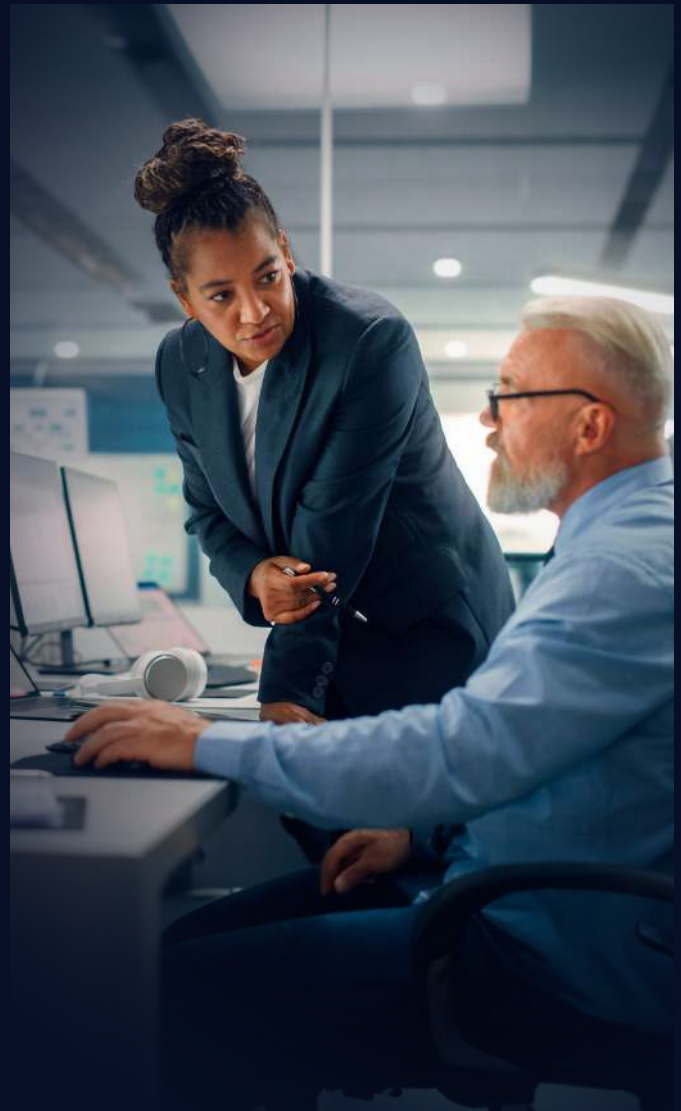
#FinancialInclusion | #financialEducation | #accessible banking |
#ReachingTheYoung | #silverEconomy

“**Banking for All**” has become a fundamental mantra in the modern financial world, emphasising inclusivity and accessibility. This digital revolution has ushered in mobile banking applications, online account management, and 24/7 customer service, democratising access to banking services. Customers from remote areas, or those who previously faced barriers due to mobility or time constraints, can now manage their finances effortlessly. Moreover, the rise of neo banks — web/mobile-only banks without traditional distribution channels— is redefining convenience and efficiency, offering personalised services tailored to individual needs.

The banking sector needs to wholeheartedly embrace the ethos of “**Banking for All**,” placing a premium on providing financial education to young individuals and tailoring services to cater to the expanding “silver economy,” which pertains to the elderly demographic.

“It is imperative for banks to prioritise imparting financial literacy to young clients and adapt their products to suit the requirements of older customers, thereby ensuring inclusivity and financial well-being for everyone.

Banks are increasingly focusing on financial inclusion, ensuring that marginalised and underserved communities have access to essential banking services. This includes not only opening bank accounts but also providing affordable credit options, financial literacy programs, and support for small businesses. This shift towards socially responsible banking reflects a growing awareness of the sector’s role in addressing global challenges.



2. AI Assisted Advisory

#GenAI | #ArtificialIntelligence | #CustomerEngagement | #AssistedChannels



“ Artificial intelligence (AI) is transforming human to human touchpoints and particularly banking advisory services by enhancing the capabilities of financial experts.

Utilising machine learning and data analytics, AI provides valuable insights to inform the “next best action” for clients, processing extensive data like transaction histories and behaviour patterns to anticipate needs and recommend appropriate financial products. It enables personalised investment advice and financial planning, improving the precision and relevance of consultations.

AI-enabled methodologies and solutions not only deliver timely and tailored recommendations but also refines machine learning models with ongoing data, sharpening AI’s responsiveness to economic shifts.

Natural language processing allows real-time advice, boosting customer engagement and satisfaction. AI’s advanced capabilities are reshaping banking into a more proactive, **client-focused**, and **efficient service, crucial** for navigating the dynamic economic environment.

3. Social Banking

#SocialMedia | #DigitalMarketing | #Branding | #ContentMarketing | #OnlineMarketing

Social banking represents a strategic change in the financial sector, focusing on creating real connections between corporate channels and popular third-party social platforms like TikTok, Instagram Reels, and YouTube Shorts.

This approach aims to capture traffic and generate leads by engaging with potential customers where they spend a significant portion of their time. Financial institutions are increasingly creating content, from short educational videos on personal finance to infographics into the banking world, all designed to generate trust and approachability.

By leveraging the virality and interactive nature of these social solutions, banks can initiate conversations, drive brand awareness, guiding users from these platforms to their own services (increase value traffic to their core). This integration of social media dynamics is transforming how financial entities connect with younger audiences, making financial literacy and banking services more accessible and engaging.

“ As a result, social banking is not just about advertising products, but about building a community and nurturing a new generation of financially savvy customers.

Leveraging social media can help banks enhance customer engagement, reach a broader audience, and improve brand visibility. These platforms offer opportunities for banks to showcase their services, provide financial education, and engage with customers in a more interactive and approachable manner. Additionally, social media can be used to gather feedback, address customer queries, and build a sense of community around banking services.



Nevertheless, certain factors merit attention. Safeguarding the security and privacy of customer data remains paramount. Banks must enforce rigorous security protocols to safeguard user information while integrating social media platforms, all while adhering to regulatory standards.

4. Customer Engagement

#CustomerEngagement | #CustomerExperience | #CustomerJourney | #Loyalty |
#Personalization | #Segmentation | #RealtimeMarketing



The shift in buyer behaviours has required changes in marketing and sales approaches, with modern consumers demanding relevant, personalised interactions on their schedule and seeking real-time dialogue with financial companies.

Financial institutions are leveraging data lakes and real-time analytics to go beyond traditional demographic segmentation, focusing instead on customers' behaviours, preferences, instant decisioning and financial activities to provide highly personalised experiences at the most opportune moments. Also, the integration of immersive technologies like augmented and virtual reality further enhances customer engagement, offering dynamic, intuitive explorations of financial services.

'Optichannel' strategies, experience management, and marketing automation enable you deliver targeted messages at the right time through the most effective channels, employing detailed segmentation and content personalisation based on customer interactions:

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These sophisticated methods are reshaping how banks and financial services build relationships with clients, transforming standard transactions into opportunities for an increased engagement and loyalty, and pioneering new standards for customer-centricity.

5. Reimagining marketing: AI-powered strategies in real time

#DigitalMarketing | #InstantMarketing | #Martech | #Campaigns | #CDP | #Segmentation | #RealtimeMarketing | #CustomerProfiling



Marketing areas are on the focus and undergoing significant transformations. Modern technologies are impacting the organisational structures, roles and responsibilities of these business units.

Central to this trend is the use of Customer Data Platforms (CDPs), which consolidate and process customer data from various sources to create comprehensive customer profiles in real-time triggering actions in the very moment that are required.

“Data, enriched through AI algorithms, enables highly accurate customer profiling, leading to an authentic source for personalisation.”

Banks are now leveraging this technology to deliver instant marketing messages, improving customer segmentation and offers that turn to be more aligned with individual customer behaviours, preferences, and financial needs.

By analysing real-time data streams, AI can trigger personalised marketing actions at the most opportune moments, such as offering a pre-approved loan right when a customer is looking to finance a new car. This level of personalisation not only enhances the customer experience but also significantly improves conversion rates, as marketing efforts are precisely targeted and contextually relevant, resonating deeply with the customers' immediate financial circumstances and aspirations.

With an economic scenario in constant evolution, the different **businesses** that make up the banking industry must be able to offer adapted and agile answers to the needs of each moment.

6. Agile evolution: Banking battle

#InterestRates | #Competence | #NewOffering | #EconomicTurn | #BankingStrategy

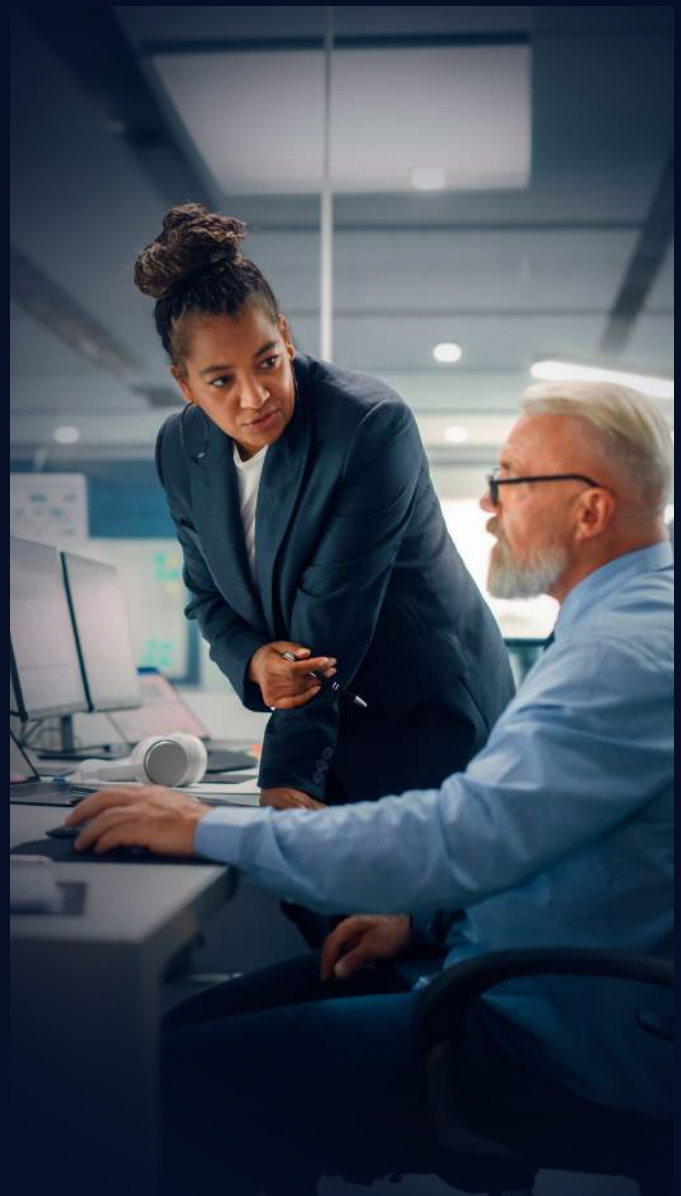
The evolving economic landscape is moving the banking industry to a fierce battle to accommodate in an agile manner their offering to new needs and preferences of their customers.

Being able to deploy an attractive offering around deposits, fixed income securities and related financial products, is coining a significant shift in business tactics. Furthermore, doing so by prioritising self-service through digital channels is intensifying the battle with more and more players to compete with.

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This competitive drive is not just about attracting new customers, but also about retaining and deepening relationships with existing clients. By offering better terms, more tailored financial solutions, and innovative products that resonate with the current economic context, banks aim to secure a stronger market position. This approach reflects a proactive adaptation to changing economic conditions and customer expectations, indicating that the banking industry is not only reacting to the new economic environment but also striving to lead with forward-thinking strategies.



7. Innovative new revenue streams

[#JoinVentures](#) | [#NewVentures](#) | [#Partnerships](#) | [#OpenFinance](#) | [#OpenBanking](#) | [#NewBusinessModels](#) | [#EmbeddedFinance](#)

The convergence of the banking sector with other industries is bringing forth a new era of collaborative partnerships and expanded business models. As DNA is constantly changing through the process of mutation, Banking industry must continue innovating in their business models modifying their DNA strands to combine “molecules” from other industries to create more value and more resilient revenue streams.



This trend is characterized by banks collaborating with companies from diverse sectors such as technology, retail, and telecommunications to create innovative financial products and services.

to meet the evolving needs and preferences of modern consumers, marking a significant shift in the way financial services are conceived and delivered.

These partnerships are enabling banks to extend their traditional business models, offering customers a more integrated and seamless experience that goes beyond conventional banking.

For instance, banks are teaming up with tech firms to offer digital wallets and payment solutions, or with e-commerce platforms to provide consumer financing at the point of sale. This convergence is not only expanding the reach of banks into new markets but also allowing them to tap into the expertise of their partners, leading to the development of cutting-edge, customer-centric solutions. The outcome is a more dynamic banking sector that is better equipped

“Increasingly we see creative business models appearing based on the intelligence exploitation of the banking products factory in connection with the attractiveness of other industries.

8. Cashless Economy

#Payments | #Cashless | #eWallets | #A2A | #P2P | #CrossBorderPayments | #CBPR+ | #InstantPayments | #Embedded Finance | #CBDC | #Loyalty | #VRP

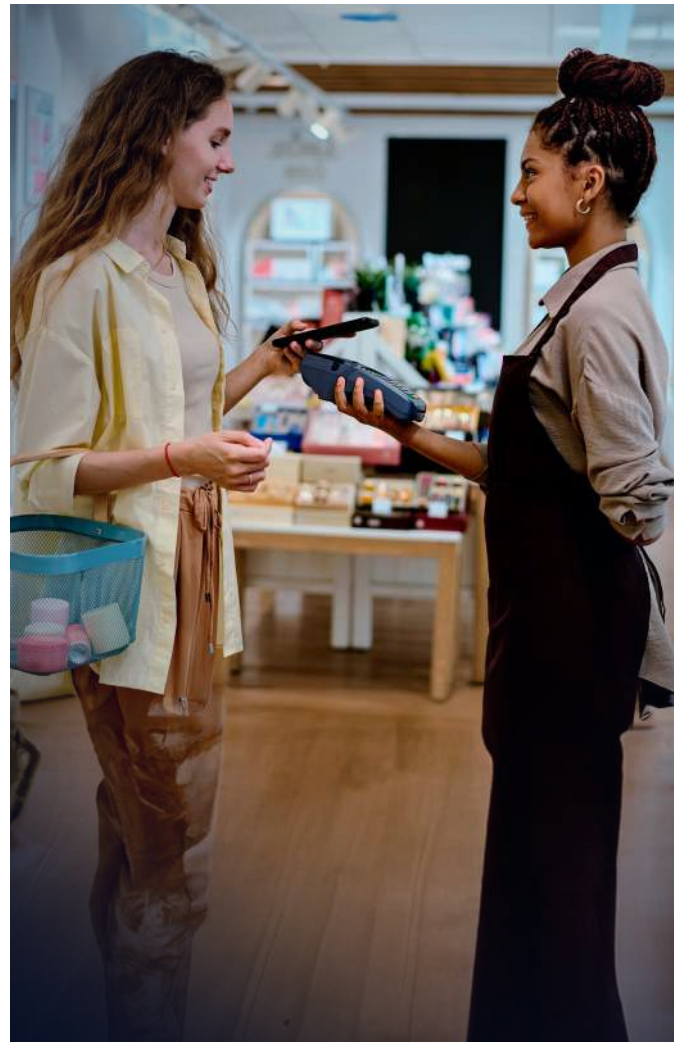
The pandemic sparked a shift away from cash as more consumers choose cards, contactless payments, and digital transactions.

While cash will still be around for some time, the rise of mobile payments, online banking, credit cards, central bank digital currencies (CBDCs), and contactless transactions is making a cashless economy more feasible. Banks must continue adapting to this shift by embracing digital banking and new payment solutions to meet the changing needs and preferences of consumers.

“ The transition to a cashless economy also presents challenges for banks, such as potential privacy violations, increased risk of security breaches, and the impact on vulnerable consumers who may have less access to the banking system.

The cashless economy is reshaping the banking industry, driven by end-to-end cashless payment solutions, eWallet's, Account-to-Account (A2A), Peer-to-Peer (P2P) payments, cross-border payments and embedded finance. Therefore, while the cashless economy offers significant opportunities for the banking industry, it also necessitates careful management of these risks. Related to all these ideas, embedded finance is a rapidly emerging trend in the banking industry that involves the integration of financial services into non-financial platforms and products.

This topic is driven by the increasing demand for seamless and convenient access to banking and particularly in payment solutions within various industries. Major banks are joining the embedded finance ecosystem, and multi-rail payments are becoming mainstream.



This trend not only expands the reach of financial services but also transforms the landscape of traditional banking institutions creating new revenue streams besides the common banking services offering.

9. Purpose-Led Finance

[#ImpactInvestment](#) | [#SustainableBanking](#) | [#EthicalBanking](#) | [#ESG](#) | [#GreenMarketplaces](#) | [#AssetTokenization](#)

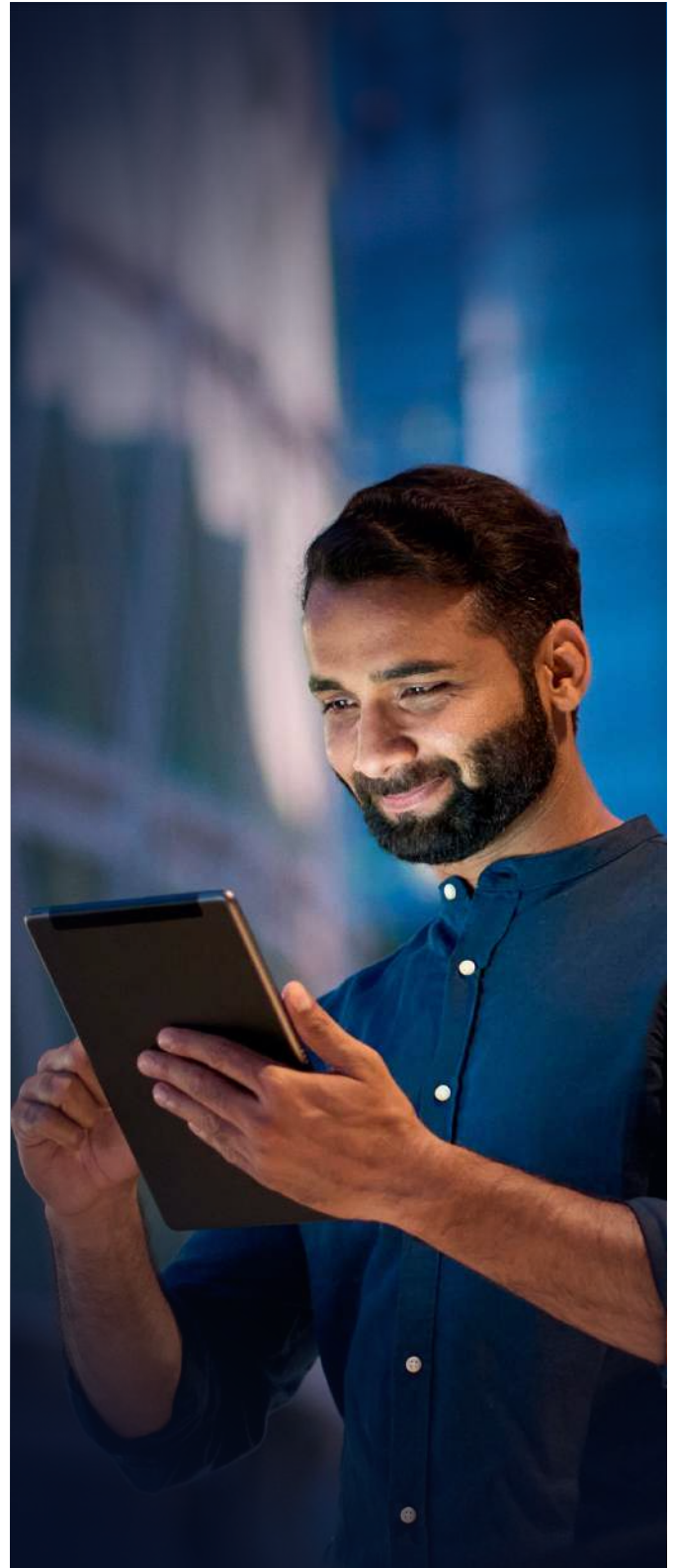
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By prioritising the needs and desires of customers, purpose-led banking has the potential to enhance customer retention and drive improved business growth for banks. Achieving purpose-led banking requires financial institutions to evolve their business models and provide customised solutions and products that meet the unique needs of each customer. It also entails fostering a cultural shift within the institution, encouraging employees to embrace the transition towards a customer-centric approach.

This approach involves aligning the mission and operations of banks with the societal needs, emphasising the importance of sustainable and ethical banking practices.

Concepts, trends, and technologies such as impact investment, green marketplaces, assets tokenisation platforms, and energy efficiency advancements driven by AI are all relevant to the development of purpose-led banking.



10. Digital Lending

#DigitalLending | #InstantDecisioning | #BNPL | #Collections | #CustomerProfiling | #GenAI | #PeerToPeer | #DynamicPricing | #RealTimeMarketing | #AIMarketing

Nowadays, digital lending is boosting driven by advanced technologies, and changing consumer expectations. Instant onboarding, for example, helped by digital platforms, allows customers to access financial products swiftly and seamlessly, enhancing customer experience and conversion rates.



Digital lending is likely to continue evolving with trends such as increased use of AI for credit scoring, blockchain for secure transactions, and seamless mobile experiences for borrowers. Personalised lending solutions and emphasis on data security are also expected to be prominent.

Algorithms for credit decisions allow more accurate lending decisions and extends credit to individuals who may have been excluded by traditional models. Buy now pay later (BNPL) is a rapidly growing form of digital lending. Peer-to-peer lending platforms are also gaining traction, offering an alternative to traditional banking channels, and expanding financial inclusion. Pre-collections AI strategies are being employed to improve loan recovery rates, while dynamic pricing models allow for more personalised and competitive loan offerings.

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Digital lending also presents new challenges, such as ensuring algorithmic fairness and transparency, and managing security concerns.

Finally, we collect here some more transversal trends, but of great relevance in the quality of the service provided. Its prioritisation is key to improving aspects such as efficiency, costs and consumer confidence.

11. Fraud and Risk Resilience

#FinCrime | #DigitalFraud | #AML | #Cybersecurity | #Threats | #Zero-trust | #FRAML

Banks are facing increased uncertainty and volatility due to economic and geopolitical factors. Meanwhile, fraudsters and cybercriminals continue their activities undeterred, and now, highly empowered with AI sophisticated tools and techniques.

In this context, banks must keep up with evolving threats and complying with regulatory duties while meeting business and consumer demands. In 2024, financial institutions will remain on guard in their efforts to disrupt illicit activity by addressing gaps and weaknesses in their platforms, systems, and processes.

The industry is adopting several key trends to combat these threats, including end-to-end threats preventive shields, what is nowadays being known as FRAML (Fraud detection and Anti-Money Laundering). A preventive shield in which Cybersecurity is also key and that align business and IT in identifying and monitoring potential threats.

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Also, zero-trust architecture must continue gaining traction, because threats are not exclusively external. A significant percentage of data breaches are caused by malicious or accidental internal incidents. And yet, this category is often overlooked, with many security teams focused on external threats.



12. AI Compliance Reporting

#Compliance | #Regulation | #Reporting | #GenAI | #Automation | #Streamline

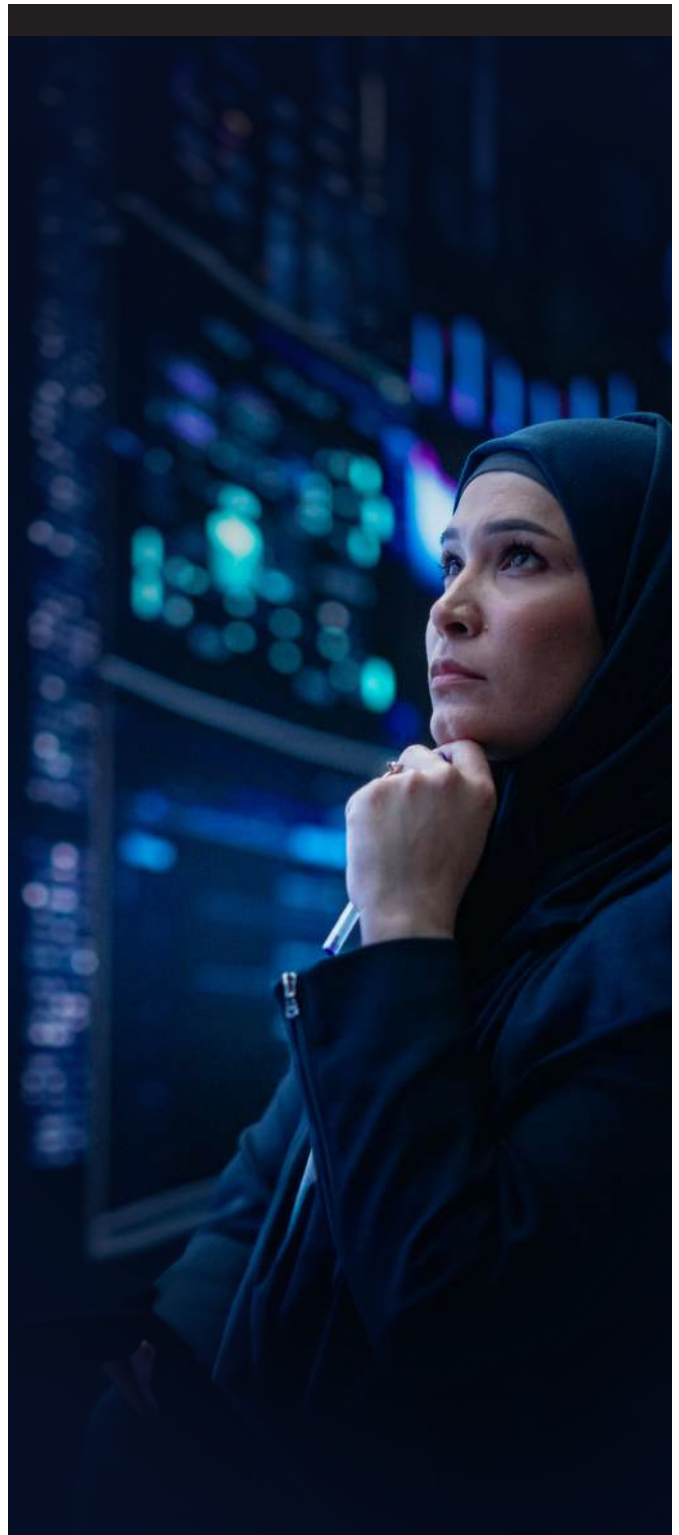
To face the growing set of global regulations, the banking industry is increasingly leveraging artificial intelligence (AI) to enhance compliance and regulatory reporting.

AI can quickly process and automate vast amounts of data of the regulatory reporting process, making it more accurate and valuable in compliance processes.

AI can rapidly analyse and organise data, learn from observation, making it easier for businesses to add value. In the financial services industry, AI models have the potential to outperform humans in certain scenarios.

“ AI-powered compliance workflows can be trained on new regulations and implement updates in real-time, reducing the risk of non-compliance.

While AI holds immense potential for enhancing compliance and regulatory reporting in banking, careful management of the associated challenges is crucial to gain a competitive edge in the industry.



13. Banking modernisation and journey to cloud

#BankingModernization | #DigitalCores | #BusinessAccelerator | #Efficiency | #Scalability | #Downsizing | #Efficiency | #JournetToCloud

The banking industry is undergoing a significant transformation of their traditional core systems. This evolution is driven by the need for more efficient, cost-effective models that can scale and streamline operations to meet the growing demands of customers and the market. Banks are recognising the importance of modernising their systems and technologies to keep up with digital advancements, driven by the need for operational efficiency, agility, time-to-market and digital transformation.

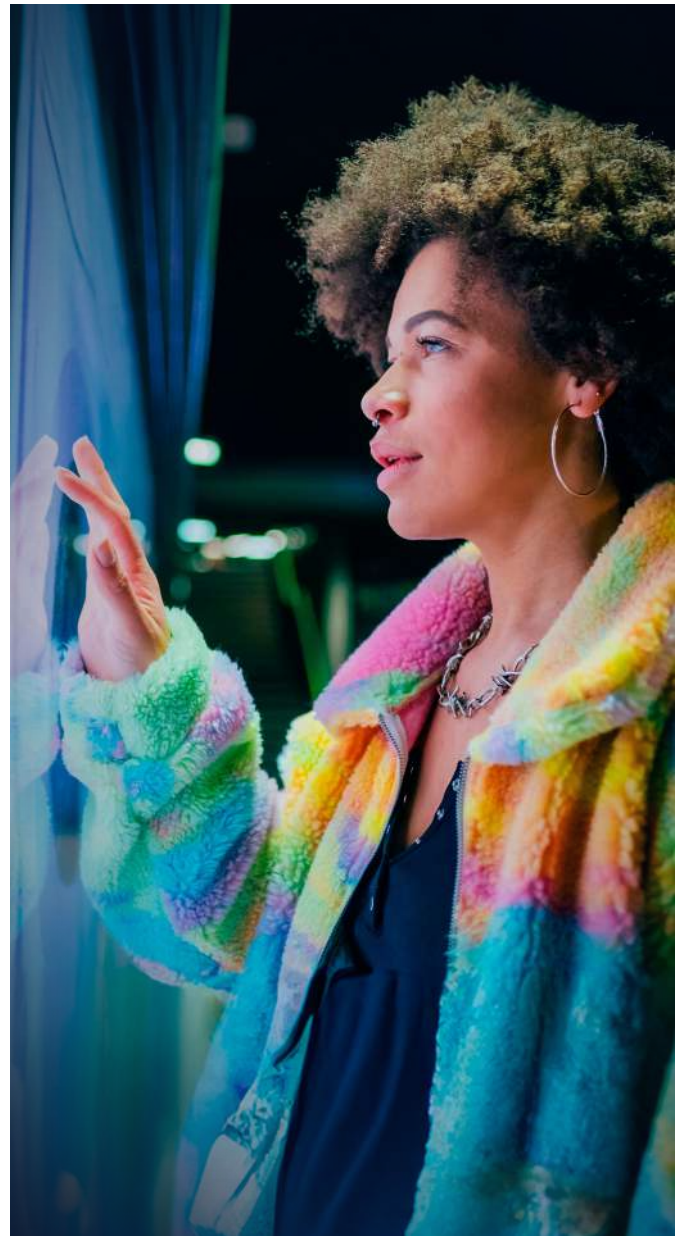
“ Banking technology modernisation is a critical step for banks to stay relevant and competitive in today’s fast-paced digital landscape.

By embracing modernisation from banking channels to operations, adopting more efficient and scalable models, and streamlining their systems, banks can position themselves for long-term success in a rapidly evolving industry.

Core banking has been a priority through all new NextGen Core Banking Platforms that have appeared in the market. As explained, cores are not the only path to focus modernisation. From channels to operations, there are a multitude of action points that require attention to improve the competitiveness of banks.

On the other hand, the adoption of cloud technology is seen as a catalyst for enterprise business transformation. It enables financial institutions to reimagine their operations, streamline processes, and create innovative products and services. Cloud banking can facilitate agility, scalability, and cost-effectiveness, driving digital transformation across the industry. Moving to the cloud allows banks to leverage the benefits of infrastructure-as-a-service and platform-as-a-service models.

This enables them to offload IT infrastructure management, reduce operational complexities, and achieve significant cost savings. The cloud’s flexibility



also empowers banks to quickly scale resources up or down based on demand, ensuring efficient utilisation of computing power.

14. Data Maturity

#DataScience | #MachineLearning | #Python | #AI | #Data | #DataAnalytics | #BigData | #DataVisualization | #Analytics | #DataGovernance | #DataDemocratization

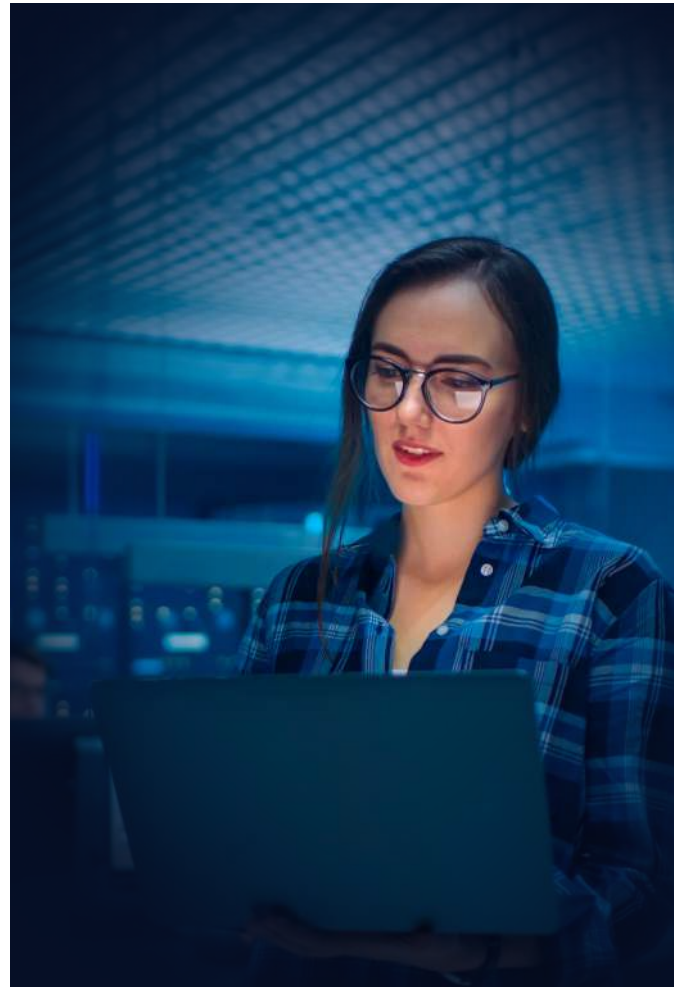
Most banks have deployed their strategies for mass availability of data in their systems. In many cases, these moves have been accompanied by moves to the cloud.

The reality is that at the end of 2023 the number of use cases that exploit all this information is still relatively low.

The use of new analytical technology and artificial intelligence should help accelerate this movement and respond to the demands for personalisation, AI-driven insights generation and greater engagement with customers as a vital practice for forward-thinking in banks.

As business data is continuously growing in complexity and quantity a combined approach of both manual analysis and automated analysis is required. The latter of which derives in what is called “augmented analytics”.

Augmented analytics is the use of enabling technologies such as machine learning and AI to assist with data preparation, insight generation and insight explanation to augment how people explore and analyse data in analytics and BI platforms. It represents, according to many voices, the future of business intelligence analysis and decision-making. It aims to automate and augment human intelligence in the analytics process, making it more accessible, insightful, and actionable.

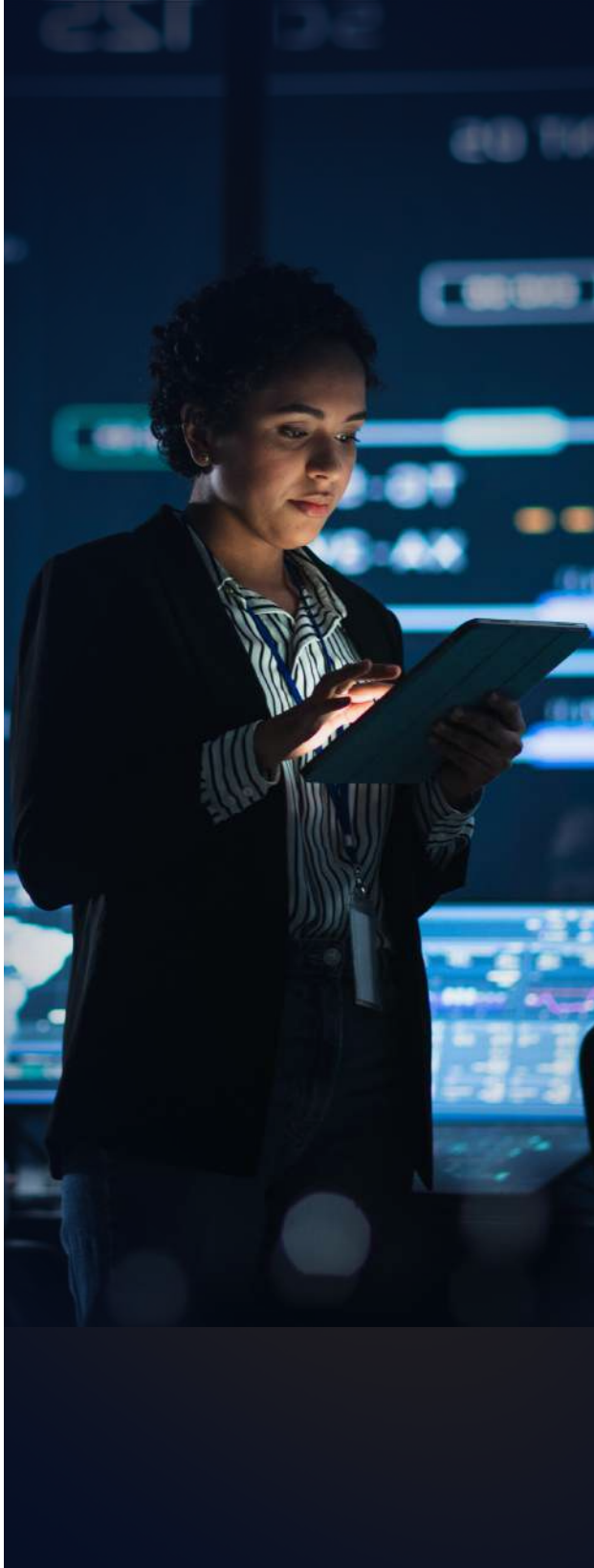


“In modern banking, data has become an invaluable asset for making informed decisions, improving operations, and delivering personalised experiences.

Many financial institutions are embracing the trend of data democratisation, which involves providing broader access to data and insights across the organisation. By implementing data governance strategies and self-service analytics tools, banks empower employees to access and analyse data independently, fostering a data-driven decision-making culture. Data democratisation enables innovation, improves operational efficiency, and enhances customer experiences, while ensuring data privacy and security remain paramount.

15. Quantum for Banking

#Quantum | #QuantumComputing | #QuantumLeap | #Engineering | #PriceOptimization
| #PricePredictions | #MonteCarlo | #Infrastructure | #DataScience



The integration of quantum computing in the banking sector is set to revolutionise various aspects of financial services, particularly in areas that requires high demand of IT processing like:

- **Portfolio optimization**
- **Price prediction**
- **Monte Carlo simulations**

Quantum computing, with its immense processing power and speed, offers unparalleled capabilities in handling complex calculations and large datasets, tasks that are integral to these financial applications.

For portfolio optimization, quantum algorithms can analyse vast combinations of assets and market conditions in real time, enabling more efficient and effective portfolio management

In terms of price prediction, quantum computing's ability to quickly process and analyse large volumes of market data can significantly improve the accuracy of financial forecasts.

Additionally, Monte Carlo simulations, crucial for risk assessment and financial modelling, can be executed more rapidly and accurately with quantum technology, allowing banks to better understand potential market scenarios and make informed decisions.

“ The advent of quantum computing in banking promises not only enhanced efficiency and precision in these areas but also opens new frontiers in financial modelling and risk management.

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