



# TOP 5

## **BANKING & FINANCIAL SERVICES TRENDS FOR 2025**

A WNS Perspective

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While the pandemic has intensified financial volatility, it has also created an opportunity for Banking and Financial Services (BFS) companies to re-imagine their role in a new normal. Research shows that 35 percent of US consumers increased online banking usage during the pandemic, with the rapid adoption of digital channels compelling many companies to respond to a dynamic landscape and evolving consumer needs.<sup>1</sup>

Technology is expected to drive further shifts. A 2021 global survey by WNS and Corinium Intelligence reveals that 73 percent of BFS companies view blockchain as a key technology in their digital transformation plans, while more

than 35 percent accelerated automation projects by a year.<sup>2</sup>

The next five years will represent a period of consolidation. Incumbent firms will embrace digital transformation to deepen their capabilities, and maturing FinTechs will explore partnerships that enable them to focus on disruption and customer-focused innovation. Challenging regulatory imperatives, meanwhile, will lead new technologies to be harnessed in tackling rapidly shifting threats and building operational resilience.

Here, we explore five BFS trends that will change the way businesses function in 2025.

# 1 Hyper-connected Ecosystems

By 2025, digital transformation will enable BFS companies to become hyper-connected across the front, middle and back office, enabling elevated and personalized customer engagement. A critical prerequisite for such services is a 360-degree view of customers, with hyper-connected ecosystems enabling this to emerge.

Data<sup>3</sup> sits at the heart of this shift, with banks and Financial Institutions (FIs) able to break down information silos through Master Data Management<sup>4</sup> (MDM) systems, ensuring there is a single version of truth across all departments. MDM solutions consolidate data from multiple systems to offer practical insights that can enhance experiences for customers already

demanding personalized services. Research reveals that 79 percent of Generation Z, for example, want more personalized information from their banks to help them meet their financial goals.<sup>5</sup>

The drive for hyper-connected ecosystems could also herald a new era of partnerships in the BFS industry. As FinTechs evolve, they will look to external service providers<sup>6</sup> to help them connect front-end disruption with robust back-office capabilities for transformative growth. Banks will take advantage of a post-pandemic landscape and partner with FinTechs to speed up their own digital innovation efforts to create next-generation experiences.





## 2 Responsive Resilience

Resilience will become a key watchword for BFS companies through 2025. Volatility, digitization and increased regulatory scrutiny will drive innovation as companies work to respond seamlessly to both new threats and shifting customer demands.

Even before COVID-19, consumer expectations were continually evolving, compelling banks to use digital technologies to harness growth. As the use of digital channels becomes the norm over the next five years, cloud-based systems<sup>7</sup> coupled with intelligent automation, hyperautomation and the right delivery model will address erratic spikes in processing volumes. These will also be crucial for banks to scale dynamically based on changing customer needs.

The shift to digital is also increasing the exposure to financial fraud and cyber threats, creating a need for robust governance, risk and compliance that seamlessly weave people, processes and technology together. Artificial Intelligence (AI) and Machine Learning (ML) will play a vital role<sup>8</sup> in streamlining and increasing the visibility of risks when layered over trusted data from different sources.

Blockchain is another technology that will enable banks and FIs to counter fraud more effectively. The tokenizing of goods and invoices to reduce duplications and create smart contracts will pave the way for faster payments, and quicker amendments and corrections.

## 3 Banking on Betterment

When it comes to common causes of anxiety and stress among modern consumers, financial stability and money matters remain crucial concerns. By 2025, initiatives from the BFS sector will empower individuals to better organize, protect and invest their money with the aim of directly boosting their mental and physical well-being.

Vestpod, an online and offline community that empowers women financially, is one example. Through workshops, attendees can analyze concepts such as self-worth and net worth, and how to heal their emotional relationship with money. “When we are struggling financially — repaying our debts, struggling to save for retirement, living from paycheck to paycheck or lacking financial knowledge — we are stressed,

and that has a direct impact on our well-being,” says Emilie Bellet, founder of Vestpod. “Improving financial literacy is key to addressing these issues, and improving our financial and overall stability and well-being.”

In the US, one online bank has unveiled a free money management application to promote financial responsibility among young consumers. Another has created an immersive game that guides players through financial activities such as understanding cash flow, budgeting, taxes, stocks and investing in shares. As we move through the decade, the rise of open banking will enable new insights to be gained and communicated to customers, and financial wellness delivered on a whole new level.

## 4 Empowering AI

In the next few years BFS companies will harness AI to create seamlessly responsive services, while freeing up employees to focus on high-value aspects of their roles. AI-powered conversational analytics<sup>9</sup> platforms will prove integral to this future, processing conversational data in real-time to reveal the true intent behind customer calls. The technology reduces call time, improves the efficiency of contact center agents and enhances customer satisfaction.

By 2025, AI agents could open up different services to a new generation of customers. For

example, robo-advisors — platforms that provide AI-led investment services — are forecast to manage USD 2.5 Trillion worth of assets by 2023, with cheaper fees and lower entry points proving more accessible than conventional alternatives.<sup>10</sup>

AI-led applications will help employees tap into customer-specific data<sup>11</sup> to deliver in-context service, assistance and offerings. AI will also enable risk teams to conduct real-time analysis on transactions, identify and map dynamic alert models based on behaviors, and deliver intelligent segmentation of customers.

# 5 Impactful Institutions

By 2025, a combination of customer, investor and regulatory pressure will compel BFS companies to balance profit with purpose. New platforms and services will help people use their wealth to make positive environmental and social impact.

Consumer desire for such initiatives is already emerging. One research reveals that 61 percent of adults in the UK would leave their bank if it was connected to environmental harm, even if its offers were attractive.<sup>12</sup> At the same time, investors poured USD 51 Billion into Environmental, Social and Governance (ESG) funds in 2020 — double the amount in 2019.<sup>13</sup>

A leading Icelandic bank recently introduced a new green product which, based on customer profiles, calculates their overall carbon footprint using environmental research and databases on the emissions of goods and services. In the next few years, embedded AI and virtual assistants will give customers personalized advice on how they can have a positive impact on society and the environment too. Importantly, regulators are also helping push this future forward. In the EU, for instance, plans to ensure that financial advisors inform clients about ESG investments are gaining momentum.

Though COVID-19 led to changes in the BFS landscape, continued uncertainty and emerging threats will require businesses to build new capabilities. They must prepare for 2025 by developing hyper-connected ecosystems, building resilience, boosting financial wellness, embedding AI to enhance experiences, and fusing profit with purpose.



*(This article was created in collaboration with The Future Laboratory)*

**Know more about WNS' digital-led solutions for the BFS industry**

**Know more about WNS' data and analytics solutions for the BFS industry**

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