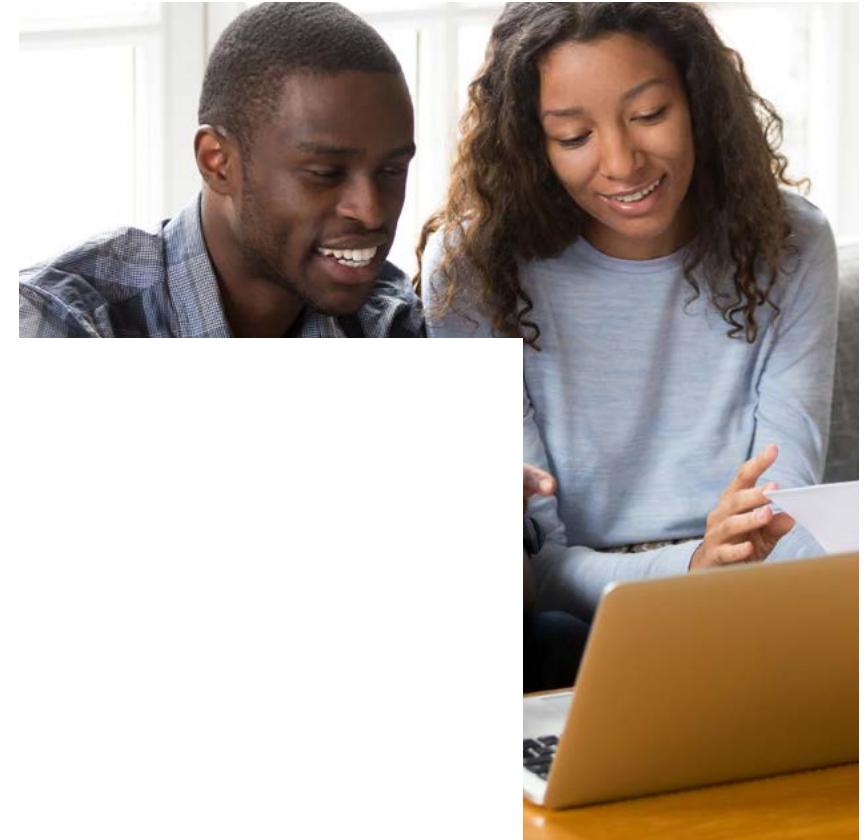


# Top trends to watch in Retail Banking

Read on for CGI client insights  
to inspire your digital journey  
and future success



2022 CGI VOICE  
OF OUR CLIENTS

CGI

# Driving digital to transform the end-to-end customer experience

## Impact of macro trends

Technology and digital acceleration is the most impactful macroeconomic trend cited by retail banking executives this year (73%), followed by changing social demographics (54%) and climate change (34%).

Increasing customer expectations continue to drive digitization for banks, while executives also grapple with social demographic changes, such as talent shortages. The transition to new forms of energy and decarbonization make climate change a growing concern, increasing pressure on retail banks to become more sustainable themselves, while serving as guardians of green financing.

## Top of mind for clients

From developing and extending multiple digital channels, to accelerating customer-centric transformation programs, to using actionable data to drive customer insights, retail banks are focused on delivering better end-to-end customer experiences that drive loyalty and revenue. This sector continues to lead banking and other industries in producing results from digital strategies.

Finding and retaining the right IT talent to accelerate digitization while maintaining core systems is a major challenge requiring focus and investment, particularly for in demand areas such as cloud, data, and security.

At the same time, retail banks continue to deal with critical operational priorities, including securing the bank in the face of growing cyber and financial crime threats and complying with mounting regulation. Banks also are advancing the use of intelligent automation and cloud to increase agility, speed to market and cost efficiency.

## About the insights



Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders.

In 2022, we met with 1,675 business and IT executives.

**This summary report shares sample insights from 125 retail banking client executives.**

## Interview demographics

Business leaders 50%  50% IT leaders

C-level 62%  38% Ops-level

Europe 64%  36% North America

# Top trends and priorities

Digital transformation continues to dominate retail banking trends and priorities, while improving the end-to-end customer experience, automation, and securing the bank also remain key focus areas.

## Key takeaway

Although accelerating digital transformation is top of mind, digitization demands continue to strain legacy infrastructures.

	Top trends	Top business priorities	Top IT priorities
1	Increasing customer adoption of digital as the primary channel	Accelerating digital client-facing transformation	Delivering client-facing digital transformation
2	Digital transformation demands straining legacy banking infrastructure	Improving the end-to-end customer experience	Automating business processes
3	Growing threat of cyber and other financial crimes	Protecting the bank and clients from regulatory risk and financial crime	Safeguarding the bank

The industry trends capture key drivers with the greatest impact on the clients' industry. The business priorities represent how clients are addressing the industry trends, and the IT priorities reflect the technology areas of focus to address the trends and achieve the business priorities.

# Digital progress in Retail Banking

Retail banking clients lead other industries in producing expected results from their digital strategies, with 36% citing such results. This compares to an average of 25% producing results across our clients' industries.



# Digital leaders in Retail Banking

In examining insights from the 36% of retail banking clients who are digital leaders, some common attributes emerge. The table compares responses to questions from digital leaders to those from executives whose organizations are still building or launching digital strategies (digital entrants).



# Key findings from our interviews with Retail Banking executives

1.

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## Customer experience remains a top focus.

Given it is the key point of differentiation for retail banks, improving the end-to-end customer experience to increase loyalty and retention and drive revenue is the second top business priority this year. To achieve this, executives are investing in digitization and data, which rank first and fourth among their top five business priorities, respectively.

2.

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## Few say their business models are highly agile.

While 72% of executives say digitization is having a high impact on their business models, only 22% believe their business models have a high level of agility to address this impact. A larger percentage (73%) report only a medium-level of agility, and 5% report low agility.

3.

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## More than half cite high business and IT alignment.

Legacy systems pose somewhat of a challenge for 63% of retail banks in successfully implementing their digital strategies. However, aligning IT and business is helping to address this issue, with 58% indicating their IT and business operations are highly aligned in support of their digitization efforts.

4.

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## Addressing the IT talent shortage is a priority.

Like other industries, retail banks face an IT talent shortage, with 89% citing difficulty in acquiring and retaining IT talent. However, executives say they are addressing the challenge through partnerships, improved compensation and benefits, improved recruiting and retention practices, and managed services.

5.

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## Most cybersecurity strategies are producing results.

As cybersecurity threats continue to increase, 98% of executives cite having a cybersecurity strategy in place. Retail banks also are the furthest along in producing results from their cybersecurity strategies, compared to other banking sub-sectors, with 53% of executives having achieved results.



## 6.

### **The use of automation continues to mature.**

Robotic process automation projects have been implemented and are in a continuous improvement phase for 55% of retail banks, while 41% have reached the same state with enhanced process automation. Few artificial intelligence projects are at this stage (5%), but 28% are in the process of being implemented.

## 7.

### **Public cloud usage is higher in North America.**

In North America, more retail banking clients use the public cloud for their organization (91%) and customers (64%), compared to their European counterparts (63% and 53%, respectively). Further, 64% plan to migrate more than 20% of their core business applications to the public cloud over the next 2 years, compared to 25% in Europe.

## 8.

### **Investment in modernization and the cloud continues.**

Forty-four percent of retail bank executives plan to continue modernizing their application portfolios over the next two years. Further, 39% plan to migrate solutions to cloud service providers for infrastructure-as-a-service and platform-as-a-service support.

## 9.

### **More retail banks plan to use managed services.**

More retail banks will move to a fully managed services model for IT applications over the next 3 years (from 8% to 16%), while fewer will do so for IT infrastructure (from 13% to 11%). However, 35% plan to substantially use managed services for IT infrastructure within 3 years.

## 10.

### **A majority see sustainability as core to value creation.**

Overall, 58% believe sustainability is highly core to creating value (a slight decrease from 61% in 2021). Regionally, only 36% of North American executives rank sustainability as highly core, compared to 67% of their European peers.

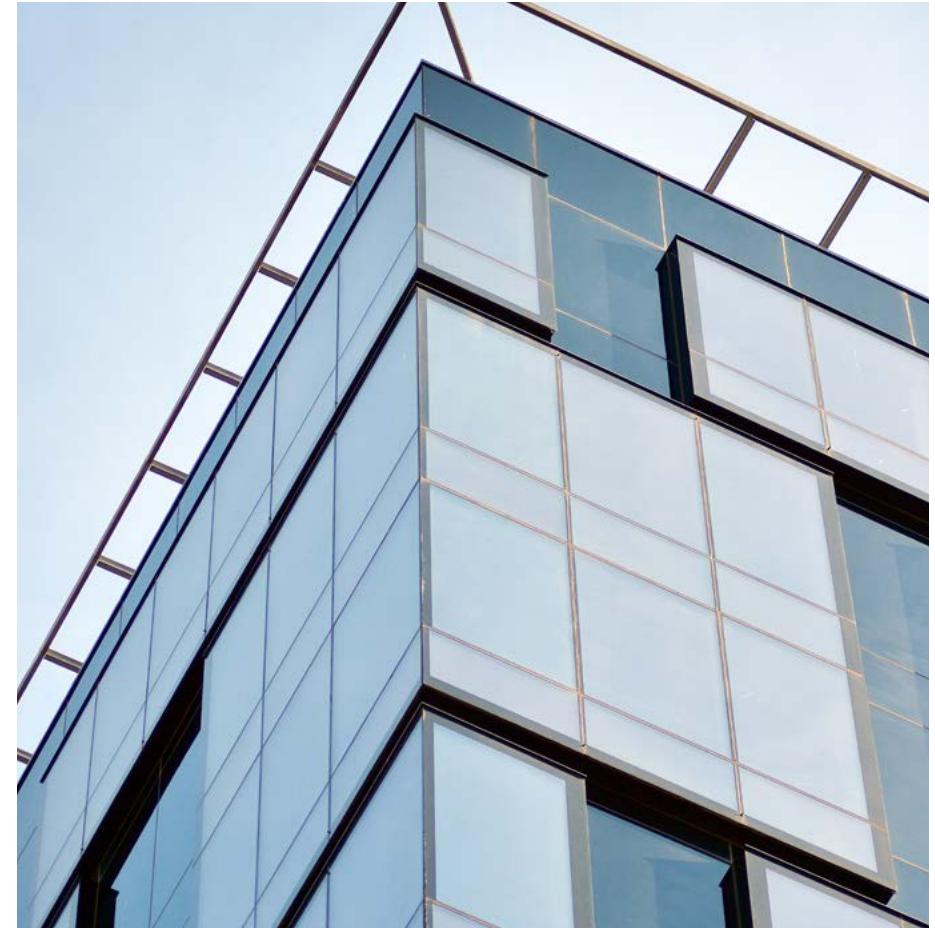
# 6 recommendations for achieving your top priorities

## 1. Meet evolving customer demands through digital and cultural change.

Today's retail bank customers demand anywhere-anytime service, self-service, multiple channels, personalized advice and offers, loyalty incentives, and more. As a result, it is important for banks to improve the fundamentals of the customer experience as they look to add new models. Customers want to interact with people they know and trust, leading banks to invest in more face-to-face relationship equivalents. One example is the concept of the "digital branch," which brings the branch into the home via online scheduling, and digital waiting rooms and meeting spaces. Banks must evolve from chatbot queues to triaged communications from any channel, routing customers to the best resources to serve their needs.

## 2. Improve your business agility by modernizing your business models.

Retail banks must operate around the clock, respond faster to evolving customer expectations, and launch value-added offerings more quickly to improve competitiveness and revenue streams. Responding with agility requires digitizing and modernizing business models. This, in turn, requires transforming inflexible legacy systems and adopting agile organizational structures and cultures. The right use of cloud computing, micro-services and containerization can give retail banks the flexibility they need to change applications, services and vendors with near-zero downtime, even in the event of an outage.



### 3. Adopt a proactive security posture to address enterprise-wide risks.

The fight against financial crime is a battle of containment, not victory, and retail banks are in a constant “arms race” with bad actors. Success requires a security posture that anticipates and acts upon ongoing risks and vulnerabilities across the enterprise and partner ecosystem. Retail banks must focus on cyber awareness because the attack surface is so vast. Entry points grew exponentially with new systems and networks deployed to support pandemic-driven needs. Executives need to assess and ensure that their banks have safeguarded, or shut down, these vulnerabilities and remain vigilant as they continue to increase the number of customer touchpoints.

### 4. Attract and retain IT talent, particularly for data, cloud, and security.

It is increasingly difficult to find professionals who can work with both the latest technologies and legacy systems. Retail banks can create competitive advantage by offering career opportunities that involve working with in-demand technologies critical for their digital future. This includes hiring and retaining strong talent for data, cloud and security, along with mobile, and payment technologies, to deliver innovative new services. Also imperative is creating a superior employee experience, investing in advanced training, modernizing infrastructures, and entering into strategic managed services partnerships that enables access to talent from trusted providers.



#### Case in point



##### **Helping a U.S. bank address its IT talent shortage**

A large U.S. bank needed to digitally transform its retail line of business, but was short on IT talent. CGI developed an “academy” to onboard and train a diverse team of IT developers, with multi-faceted expertise and experience. Bootcamps were organized to train participants in Java, Spring Boot and API development.

In delivering the training, CGI met the bank’s budget and other business requirements. The bank now benefits from a highly-skilled IT talent pool to digitize and modernize its retail business for the future.

## 5. Become more accountable in advancing sustainability.

Despite growing pressure to advance sustainability, retail banks are more limited in what they can do than other banking sectors. While they can offer reduced rates for “green” vehicles or offer “green” investment options, they typically do not focus on making supply chains or manufacturing processes more sustainable. Because retail bank customers are the most passionate about sustainability, compared to other banking sectors, industry leaders are increasing their transparency and accountability in demonstrating their sustainability performance. These leaders recognize that becoming more sustainable is good business, leading to greater customer and investor satisfaction, new revenue streams, and the ability to attract, retain and grow top talent.

## 6. Choose the right cloud environment to support outcomes.

Responding to bank customers’ digital demands requires choosing the right cloud environment to improve customer and business outcomes. Retail bank IT environments are complex due to the extensive network of applications and capabilities they must support. Reducing this complexity by moving certain assets to the cloud can yield tangible benefits, better access to new services, and greater choice in the number and types of service providers. However, the cloud isn’t for everything. Success requires prioritizing and migrating applications and services that will generate the best outcomes (e.g., agility, flexibility, speed, scalability, etc.).

### Case in point



#### **Canadian payments provider selects CGI All Payments to digitize its payment systems**

In 2022, a leading provider of prepaid cards and other payment solutions to the Canadian marketplace selected CGI All Payments, CGI’s cloud-based payments platform, to modernize and digitize its payments systems and expand its payment offerings for customers. The implementation of CGI All Payments supports the client’s multi-year, strategic growth plan, helping it to lead the path in creating a more competitive payments industry in Canada. CGI All Payments also delivers the capabilities the client needs to directly participate in Canada’s Automated Clearing Settlement System for the first time.

# Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world. We are insights-driven and outcome-based to help accelerate returns on your IT and business investments. Our insights represent deep knowledge of industry trends and your business and IT priorities.

For the latest [CGI Voice of Our Clients](#) industry insights, and to consult with one of our experts, please [contact us](#).

