

STRATEGIES TO BANK ON

# Navigating the changing landscape of retail banking



CREDERA

# Introduction

The financial services industry looks entirely different than it did just a few years ago.

From the future of wealth management to the rise, fall, repeat cycle of crypto to digitally native banks, we've scanned the landscape to bring you the most relevant innovations—and share how to keep up with them.

Staying up to date with the constant changes in the industry can be a bit daunting—not to mention time-consuming. However, as new technologies emerge, coupled with the ever-changing needs of well-informed consumers, it is important to filter out all the noise and focus on exactly what your organization needs to gain market share, optimize cost, and ultimately grow your business.

In this guide, we break down the retail banking trends into the following three areas: changes in the category, the consumer, and the channel.

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A woman with long brown hair, wearing a bright yellow long-sleeved shirt, is seated at a wooden table. She is looking down at a black smartphone held in her hands, with a slight smile on her face. On the table in front of her is a white disposable coffee cup with a black lid, a small white square planter with a green plant, and a spiral-bound notebook with a pen resting on it. The background is softly blurred, showing green foliage and warm, out-of-focus lights, suggesting an outdoor or semi-outdoor setting like a cafe or patio.

**Companies that  
create omnichannel  
experiences retain  
89% of their customers  
while companies with  
weak omnichannel  
experiences retain  
only 33% of customers.**

Stat Reference

# The Category

## Evolving based on consumer changes in financial services

Once upon a time, consumers' banking needs were simple and straightforward. But with massive shifts in economic variability, the rise and fall of asset classes, and constantly changing government regulations, financial institutions need to keep up with the category's landscape—and they need to do it quickly.

Here's what to consider for consumers as the category changes:

### **1. Account for omnichannel**

In addition to offering standard services, financial institutions must also pay attention to not-so-standard services because not all consumers fit into just one banking profile.

What else are consumers doing? They're looking for more personalized services. Consider this:

[Companies that create omnichannel experiences retain 89% of their customers while companies with weak omnichannel experiences retain only 33% of customers.](#)

Some days, consumers may want to deposit a check from the comfort of their couch, while other days, they'd prefer to chat face-to-face about the latest CD rates. It's about providing many paths to account for the many, unique journeys that exist in an omnichannel world.



## 2. Meet consumers where they are

Put simply: Today, Financial institutions need to meet the consumer where and when they are throughout the journey—being a true partner with them, who advises and supports financial goals. This leads to the importance of consolidating services to create a unified, fluid experience across different channels.

By uniting multiple products together, such as mobile banking, debit and credit cards, mortgage lending, wealth management, and more, organizations create a seamless experience for consumers. It's like building a financial services superstore, where consumers can find everything they need in one place. However, it's not just about offering a range of products under one roof, it's about intentionally creating continuity and crafting cohesive, well-designed experiences across the financial ecosystem.

## 3. Think beyond transaction-only relationships

Another way to create a more unified experience for the consumer is to think beyond transaction-only relationships. They're a thing of the past and simply aren't enough to ensure consumers will keep coming back.

Today, it's all about deeply and authentically understanding your customer in order to proactively meet their needs and wants by offering various customized projects and services, delivered consistently to gain their trust. That trust equates to loyalty, which leads to a greater share of their financial footprint. It's a win-win.



# How Might We...?

## What are 'how might we's'?

A 'how might we' statement is about framing. You take a problem or set of challenges and re-frame them into questions that now feel more manageable.

By turning problems into opportunities for generative thinking, you can now begin to organize an approach. 'How might we's' are calls to action beginning with its namesake phrase meant to guide you through the design process.

Leverage consumer data in an insightful way to build tailored products and digital solutions that support rather than overwhelm?

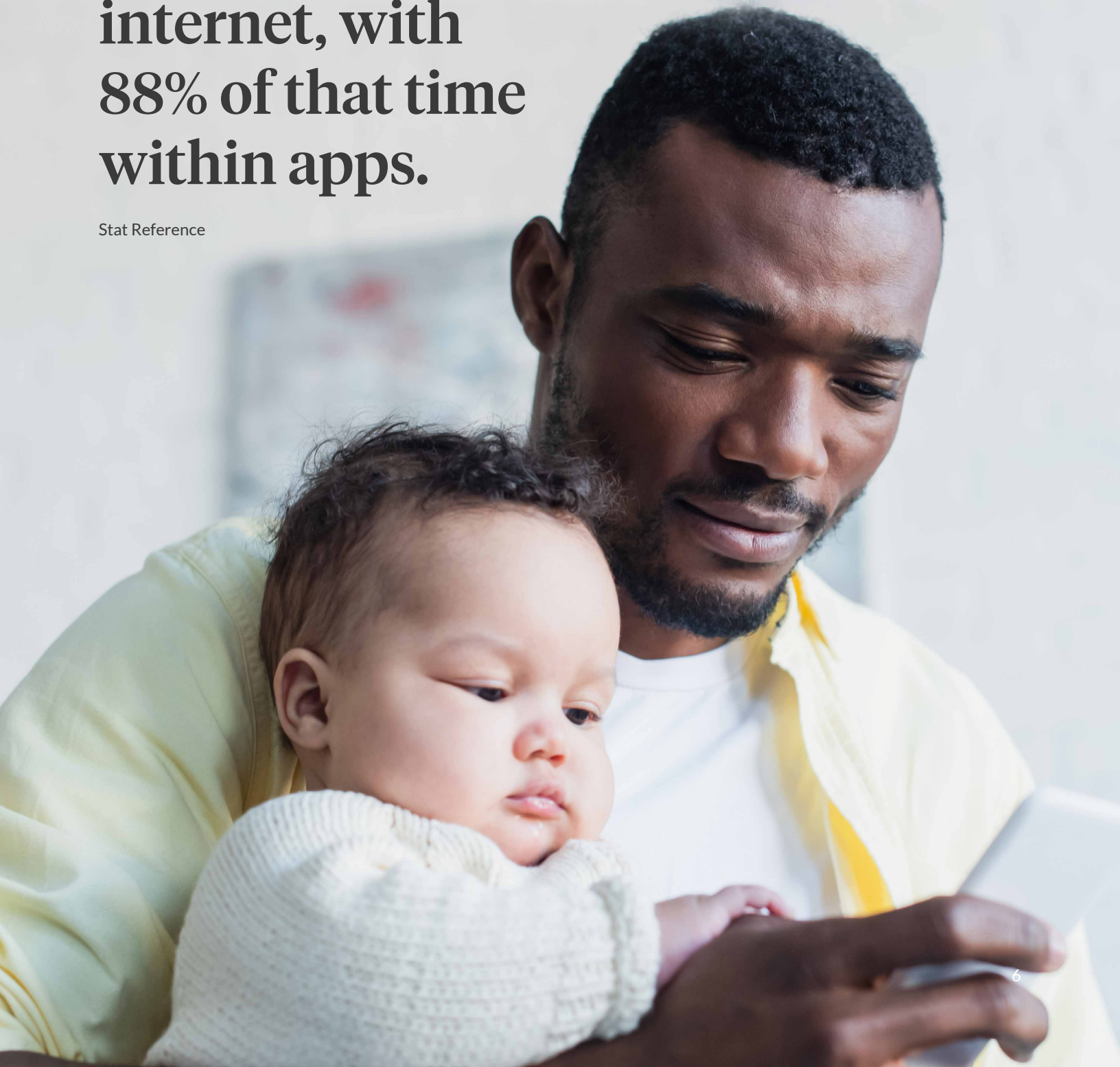
Adapt new design principles that reflect the modern consumer journey for retail banking?

Navigate an emerging consumer segment in a way that unlocks their uniqueness, rather than putting them into boxes?

Be intentional about our designed experience so it unifies our product offerings and services?

**U.S. adults will  
spend, on average,  
more than 4 hours  
per day on mobile  
internet, with  
88% of that time  
within apps.**

Stat Reference



# The Consumer

## Get up close and personal in financial services

The strategy to gain a more significant piece of the financial services market share is simple: know your audience. So what exactly are your consumers doing?

Here are new consumer behaviors we are seeing:

### 1. Creating do-it-yourself financial toolkits

Right now, they're piecing together their own financial toolkit using multiple companies, like an à la carte menu. The fact is, on average, [U.S. smartphone users have 2.15 finance apps downloaded on their phones](#), which is about 1.15 more apps than they need. If you look at a typical home screen, chances are you'll see the likes of Venmo, Cash App, Apple Pay, Zelle, Acorns, Chase, and more.

Will yours be the bank to make your consumers' lives easier by kicking some chefs out of the financial services' kitchen?

These new tools create a new opportunity to re-engage. Now's the time to start meaningful conversations, build relationships, and leverage the data of these digitally savvy, multi-touchpoint customers. Serving them means giving them tools to stack their toolkits.





## 2. Next gen personalization

What else are consumers doing? They're looking for more personalized services. Consider this: 78% of consumers said they would continue using their bank if they received personalized support. [Yet only 44% of banks currently offer this option.](#)

Consumers are not feeling prioritized or heard. Which gives banking organizations a huge opportunity to define, deliver, and win over consumers' trust. Personalization is not an option. If you want to gain loyalty—it's a must.

[For more information on how personalization is evolving, see this insight at credera.com.](#)

### The meaning of financial stability mindset shifts

	Old Financial Stability	New Financial Stability
What it means	Legacy	Stability
Social levers	Material	Experiential
Emotional	High, in-person touch points	Intuitive, digital touch points
Adoption	Passed down	Sought out
Purchasing starting point	In-person	Anywhere
Channels	In-branch	Omni-branch

### 3. Growing wealth of younger consumers

Looking at the future of banking, we are seeing a new, younger consumer coming into a significant bit of wealth.

#### Millennials are set to inherit \$68 trillion in assets

from the silent generation and baby boomers in the upcoming great wealth transfer. Within a decade or so, 1.8 billion people—that's 23% of the world's population—will begin to inherit trillions in assets.

The modern banking landscape has evolved significantly, and millennials now view financial institutions as just one piece of their broader financial puzzle. To gain their trust and secure a larger share of the market, simply acting as a guiding force is no longer sufficient. Instead, banks must be willing to engage with millennials throughout their entire financial journey, meeting them wherever they may be and forging a true partnership to make sound investment and banking decisions together.

This demands a fundamental shift in how banks perceive and approach their role in the lives of their customers, as they seek to become true allies and collaborators in the pursuit of financial success.

An opportunity exists for new banks to break from tradition and partner with the new generation of consumers (we suspect they'll be a lot different than their grandparents' habits). This means making operational financial activities accessible at their fingertips coupled with the amazing user experience design for their mobile and web interface that has become table stakes across all other digital industries.



# How Might We...?



Re-stage current product offerings helping to serve and target high value consumers?

Pioneer new user touch points for the new generation of wealth management?

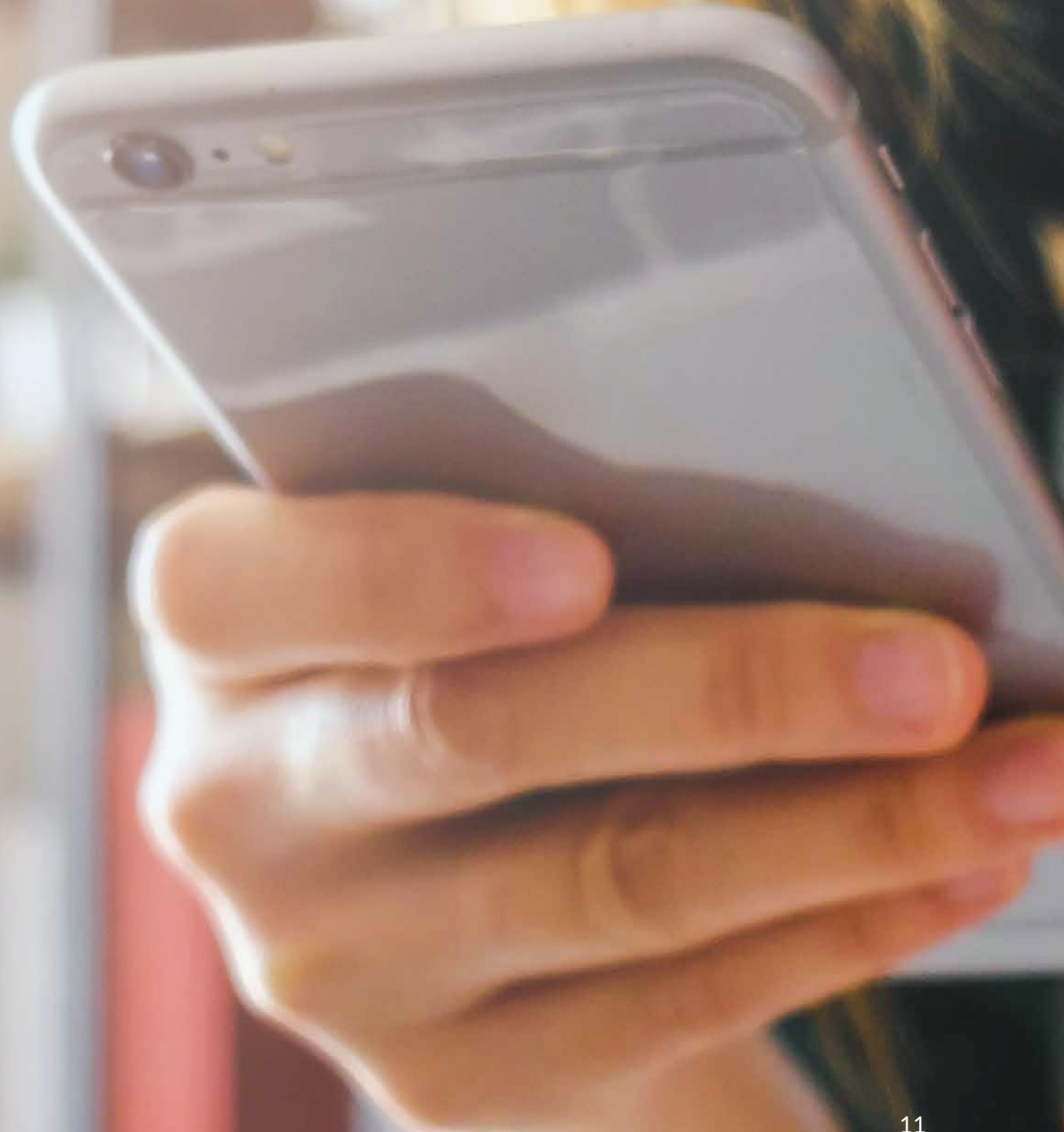
Build new digital experiences as we evolve from a banking mindset to a consumer-centric mindset?

Become the north star for data products and protections for our consumers?

Meet new consumers where they already are, providing relevant advice in their time of need?

**As of November  
2022, around 85  
million people had  
created unique  
Bitcoin wallets.**

Stat Reference



# The Channel

## Future-looking innovations in financial services

With new channel disruptions changing how consumers grow and protect their money, it can be scary to be a first mover in the category. It will take more than just embracing new financial technologies—it's about listening to your consumers and investing in those areas specifically. So what are these channels that have been catching our (and your consumers') eyes?

Based on our research and experience, we're seeing two trends for the future:

### 1. From big to small

One way to know your consumer needs is by unlocking data to unearth consumer insights. But not all data is useful. We're seeing a paradigm shift in the way companies inside and outside the category of financial services address data. Where once big data reigned king, causing a feeding frenzy for any and all data points, we are seeing a new strategy emerge.

Small data is more tailored, specific, and predictive. Made possible with the rise of machine learning and industry disrupting artificial intelligence, it's now easier to glean actionable insights without drowning in your data lake. By tailoring and narrowing data sets, you'll get a deeper, more robust understanding of who your consumer truly is and what their needs truly are.



## 2. The rise of decentralized finance

Looking to another evolution beyond artificial intelligence, we see cryptocurrencies disrupting even the digitally native banking institutions. Financial institutions need to adapt to stay in touch with changing demands. Let's talk about the elephant in the room: the rise of decentralized finance (DeFi). It's radically disrupting the financial landscape as it eliminates the need for financial institutions.

To note: There was a [358% increase in spending in decentralized networks](#) from 2019 (\$1.7 billion) to 2021 (\$6.1 billion), showing consumers' exponential adoption of DeFi. It wasn't just blockchain that boomed—it was the mass adoption of cryptocurrencies. But more importantly, it's about the technology that powered these transactions. And with the rise of interest in this new world, everyone wanted a piece of the action without fully understanding the risk. As of November 2022, around 85 million people had created unique Bitcoin wallets. [That's about 42 million users more than in 2019 \(a 102% increase\)](#). Look no further than the FTX scandals at the end of 2022 for proof of the uncertainty in the field.

Being at the forefront of defining policies and building new products for the emerging asset class is paramount. You don't have to be a trailblazing visionary to make incredible progress. Small, iterative changes can make a significant impact especially as we see the worlds of security and consumer experience colliding in the field of crypto. Things like approaching challenges with a novel point of view or a different voice (that can also mean including your consumer's voice) may unlock new trails.



# How Might We...?



Build new digital touch points and interaction that help to redefine what service means?

Redefine the role of a retail bank as a unifier in an increasingly fragmented ecosystem?

Rethink when and how we leverage data to maximize impact for wealth management?

Predict when and how consumers will need financial support most in times of change?

# Top Three Takeaways

## **CATEGORY**

People bank differently. Update your strategies and engage with your consumers in ways they prefer to build trust.

## **CONSUMER**

Personalize products, consolidate services, and stay on top of your consumer's needs to retain loyalty.

## **CHANNEL**

Don't underestimate the power of FinTech. It's time to redefine what it means to be a bank and create a new financial ecosystem.

# Next Steps

**E**merging landscape changes along with rising consumer expectations only add to the complexity and make it harder to find a clear path to victory in retail banking. However, if we zoom out to the 10,000-foot view, one thing is clear: If you don't intimately know your consumer and solve for their needs, your competition will.

At Credera, we help our clients flex with ever-changing customer expectations and solve for often unmet needs to stay ahead of the competition.

To uncover how these trends may apply to your business, reach out at [findoutmore@credera.com](mailto:findoutmore@credera.com) to start a conversation.

## MEET THE AUTHORS



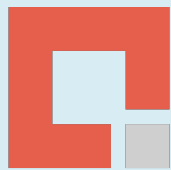
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