

## Digital Banking Experience Report 2023

### Banks accelerate AI adoption amid growing Big Tech threat and customer demand for enhanced personalisation and digitisation

- Artificial Intelligence is emerging as a critical component of bank digital transformation strategy to meet customer digitalisation demands and drive efficiency, with almost one-in-two (47%) banks planning to integrate AI into their business.
- Almost half (47%) of all bank customers are tempted to open accounts with Big Tech players as traditional banks struggle to provide smooth, personalised, digital customer journeys, with more than one-in-three (36%) banks judging such players as “the greatest threat to our business.”
- Banks risk losing hard-earned customer trust and business with 51% of consumers believing their bank is not interested in earning them money, and 27% saying their bank offers them unsuitable financial products.
- Banks are simultaneously wary of the impact of AI on their business with 37% fearing the tech will put the company at greater risk of successful cyber-attack, while 30% worry it will have a negative impact on jobs in the banking sector.

**Paris, November 27, 2023** – Traditional Banks are facing unprecedented customer pressure to digitise, with Artificial Intelligence emerging as a critical component to meet these expectations and dramatically improve bank performance and processes, according to the findings of Sopra Steria’s *Digital Banking Experience Report 2023*.

Banks’ digital transformation projects are beginning to bear fruit and their technological transformation ambitions have been turbocharged as AI tools have demonstrated to a mainstream audience the positive impact such systems can have, reveals Sopra Steria, one of Europe’s leading tech companies recognised for its consulting, digital services and software publishing activities.

The report is based on research commissioned by Sopra Steria and carried out by \*Forrester, who surveyed 866 senior decision makers in banks across the globe on their future-readiness, and \*\*Ipsos, who questioned 11,300 bank customers in 9 European countries, on their financial habits and attitudes towards their bank.

However banks must move quickly if they are not to lose both trust and market share. While 80% of bank customers say they trust their bank, more than half (51%) say they feel their bank is not interested in earning them money and more than a quarter (27%) say their bank offers them unsuitable financial products.

#### **GAFAM – the greatest threat to traditional banking**

Traditional banks also continue to face mounting pressure from digital-first rivals and in particular Big Tech giants such as Google, Apple, Facebook (Meta), Amazon and Microsoft, with almost half of consumers revealing they are interested in opening bank accounts with such players.

Banks recognise the threat with a third of bankers (36%) judging such tech players as “the greatest threat to our business”, according to the Sopra Steria survey, carried out for the third consecutive year in partnership with Ipsos and Forrester, in order to assess banks’ digital maturity and customer expectations.

Traditional banks are responding to this threat by investing heavily in emerging technologies,

with 45% reporting they are planning to increase investment into tech such as chatbots, augmented/virtual reality, and AI-enabled digital assistants, with 35% reporting they will maintain existing investment levels.

AI stands out as a lynchpin in this strategy, as a key mechanism to analyse the exponentially expanding volume of customer data, and provide the high level of personalisation demanded by consumers, and also to drive improved efficiency by boosting internal processes. The goal is not for AI to replace staff but to usher in the era of the Augmented Advisor, providing employees with better insight to guide bank customers.

Almost one-in-two (47%) bank decision makers are planning to integrate Generative AI or Large Language Models into their business, and 45% are planning to invest in AI-enabled automation and workflow optimisation.

Meanwhile, AI also facilitates the roll out of the open finance phenomenon, allowing banks to process data faster and more efficiently and streamlining collaboration and connectivity capabilities, which almost three-quarters of banks (74%) see as crucial to future success.

### **AI and cybersecurity – double-edged sword**

However, the AI revolution in banking does not come without challenges. Bankers are concerned of a cyber security race with criminals leveraging AI-powered algorithms to identify bank security weaknesses and mount ever more sophisticated attacks.

A total of 37% of bankers fear the tech will put their company at greater risk of successful cyber-attack, while 30% worry it will have a negative impact on banking sector jobs.

“Trust is the lynchpin of the banking industry, and this year’s data reveals a full 80% of consumers trust their banks. However, this trust cannot be taken for granted,” said **Sopra Steria Group Chief Executive of Financial Services Eric Bierry**.

“More than half of customers feel their bank is not interested in earning them money, and more than a quarter think their bank is offering them unsuitable financial products. In such an environment, trust can easily weaken. Especially when digital-first tech giant competitors are waiting in the wings. Banks must wholeheartedly embrace AI’s potential and adapt swiftly, for those who do not risk more than just losing their shirt - they risk losing their relevance and footing in the future of banking.”

**Yves Nicolas, Deputy Chief Technology Officer at Sopra Steria Group**, added: “AI represents the transformative force of our generation, one that will reshape the very essence of business operations. The AI revolution is here, and it’s not pausing for anyone. The clock is ticking, and the time to seize this undeniable future is now.”

### **Methodologies of the studies**

\* Sopra Steria commissioned Forrester Consulting to explore the priorities and challenges of banks, changes in their Digital Banking Readiness level, and new revenue opportunities. The survey was conducted between May and June 2023, and questioned 866 senior decisionmakers in the financial services, banking, and/or insurance industry across the world (Africa, Asia, the Americas, Europe, and the Middle East).

\*\* Sopra Steria commissioned Ipsos to evaluate consumer perspectives on their financial habits, attitudes towards their banks and digital satisfaction. The survey was conducted between June 12 and July 3, 2023, among 11,300 respondents in 9 countries: (Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Spain, Sweden, and the United Kingdom) among a representative sample of the population aged 18 and over, with a bank account in a traditional and/or online bank.

### **About Sopra Steria**

Steria Sopra Steria, a major Tech player in Europe with 55,000 employees in nearly 30 countries, is recognised for its consulting, digital services and software development. It helps its clients drive their digital transformation and obtain tangible and sustainable benefits. The Group provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach. Sopra Steria places people at the heart of everything it does and is committed to putting digital to work for its clients in order to build a



positive future for all. In 2022, the Group generated revenues of €5.1 billion.

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