



Going Digital First: Can High-Street Banks Thwart the Threat of New Entrants?

Challenger banks are giving the high-street giants a run for their money, particularly among digitally native millennials and Gen-Z.



are among the top priorities for these consumers,

so how can traditional banking institutions raise their game to fend off the disruptive newcomers?

90% of people prefer to bank online

CHALLENGER BANKS

1 in 4 millennials use challenger banks

1 in 3 Gen Z use challenger banks

nu NuBank in Brazil is the largest digital challenger in the world with over 20 million customers

monzo 88% of Monzo customers are in the UK

MILLENNIALS

Google amazon 78% of millennials would bank with a tech giant like Google or Amazon

Millennials want to spend and exchange currencies at super-low fees

Banks unwilling or unable to offer digital-first services may lose market share to outside challengers

Banks with expensive yet redundant branches cannot pass cost-savings on to consumers

Customers want end-to-end digital services from account opening and verification to real-time spend tracking.

Digital services that replicate the branch experience and functionality are needed.

What do consumers want?

TRANSPARENCY
No hidden fees or surprise charges

EASE
No lengthy, paper-based documentation and no excessive branch or phone queues

ACCESSIBILITY
Banking services anytime, anywhere, any device

HIGH-STREET BANKS held back by:

Maintaining branch presence

If it ain't broke, don't fix it culture

Traditional processes

Legacy business model

Going Digital First: FIRST STEPS

Build a digital-first culture

Technology leaders need to push digital to the forefront of strategic business priorities: the way they approach the entire customer journey and cycle need to mirror the digital age.

Modernise legacy systems, tech, and applications

Technology within the business' entire ecosystem needs to be up to speed to help deploy and maintain digital services at speed in the cloud.

Attract top talent in tech positions

Traditional banks need to compete for talent with new entrants positioning themselves as pioneering tech companies first and financial services companies second.

Resilience and disruption proofing

Branch-based banking is vulnerable to unpredictable disruption. In order to deliver the branch to the smartphone, a stronger focus on resilient software development is needed.

Focus on complete customer centricity

The digitally native customer increasingly expects to be able to do everything online — end to end. Delivering it requires a commitment to customer-centricity over tried-and-trusted processes.

Sources: Accenture Consumer Survey 2019 / Statista / CGI Survey 2020