TrendzOwl

Banking and Financial Services Trends to Watch in 2025: **Digital-First Banking, Human-First Support**

A TrendzOwl Industry Spotlight
in partnership with

Executive Summary

Today's discerning customer is a force for change in the banking and financial services (BFS) sector. According to McKinsey, "With the dynamic macroeconomic environment and the overall pessimism consumers are feeling, customers are thinking to the future, shifting their financial practices, and reevaluating relationships with their financial institutions."[1]

But banks aren't necessarily finding it easy to keep up with the needs of the more demanding consumer. "Even though consumer expectations are higher than ever, BFSI services are in danger of becoming commoditized.... This means that banks and financial institutions are under pressure to innovate around consumer experience. But with technical considerations, regulatory constraints, internal conflicts, and organizational readiness challenges, how do you do it?"[2]

At a time of continuing disruption across the economy, TrendzOwl and TP suggest three prominent themes in the BFS space worth examining:

Expanding digital usage

Every interaction across channels affects customer loyalty, but greater digital usage is associated with higher satisfaction levels. In fact, banks that regularly practice customer experience (CX) optimization through digitalization grow approximately three times faster than those that don't.

Omnichannel personalization and privacy

As banks embed support across channels and devices to pursue consistent and connected interactions, deeper personalization leads to increased customer retention. But consumers also expect brands to prioritize their protection by providing transparent and secure digital experiences. In fact, when choosing a primary bank, most consumers consider a consistent and secure experience across channels essential.

AI and the human touch

While an overwhelming majority of CX leaders predict that artificial intelligence (AI) will enhance trust with improved transparency around AI decisions, the consensus among consumers is that generative AI (GenAI) tools need human oversight. When it comes to higher-stakes matters, many banking consumers still want to speak with a human being.

Background

In mid-2023, McKinsey pointed out, "In this uncertain economic environment, excelling in customer experience is more important than ever for banks — the past year has seen one of the most dynamic macroeconomic conditions in the past several decades. Over the past 12 months, interest rates have risen by more than 300 basis points, mortgage originations have dropped by 60%, and the flow of money between financial institutions has increased four times."[3]

No wonder that according to Salesforce in 2024, "Financial services organizations are shifting their strategic focus to the 'customer experience,' or CX. Not to worry, though, there won't be any less concern about operational efficiency or profitability, but changing customer expectations and competitive pressures require a new approach to dealing with today's tech-savvy consumer."[4]

As Zendesk puts it, "CX in banking is how customers feel about every interaction with your financial service, at all stages of the customer lifecycle. Whether it's a call to the contact center, transferring money in your mobile app, or something as simple as paying a bill, every exchange impacts their perception of your bank — and whether they choose to stay loyal."[5]

This aligns with recent survey work from TP's Business Insights Lab. It seems that any extra customer effort required to find contact information can lead to frustration, dissatisfaction, and reduced brand loyalty. Conversely, easy access to options can be a reassuring factor. Evidence of this impact lies in the loyalty scores given by customers rating their brands highly regarding the ease of finding contact channels (9.4), compared to the poor scores given by those who perceive their brands as making it difficult (6.6), with the difference reaching a 42% higher loyalty.[6]

In other words, according to TP's 2024 Global Insights Survey, easy access to contact information fosters customer retention. And much like deciding which channels to offer, deciding where and when to promote them can impact consumers' sense of trust in a positive overall brand experience.

The digital shift

Clearly, this strategic focus on the customer experience in the BFS sector during uncertain times has significant benefits. According to McKinsey, "Our research shows that banks that are frontrunners in customer satisfaction lead in financial metrics such as total shareholder return (TSR), increased growth, and decreased costs. We also see a positive correlation between customer satisfaction and purchasing decisions — customers who are satisfied with their banking experiences say they will purchase more of that bank's products. And satisfied customers are six times more likely to say they'll remain with a bank than dissatisfied customers are."[7]

But that's not all. Greater digital usage is associated with these higher satisfaction levels. "Most banks have highly inconsistent digital adoption. Even for banks that have similar levels of digital migration, McKinsey's proprietary Digital Migration Index shows a two to four times variation in digital adoption of the underlying products and journeys. Our research reveals that customers who regularly use a bank's mobile app or website (or both) have the highest average satisfaction compared to customers who use other interaction channels or infrequently use the digital channels."[8]

The growth of online and mobile banking also allows banks to gather customer data, apply customer insights more effectively, and differentiate their service offerings. Recently, Kameleoon commissioned Forrester to survey 107 managers and directors responsible for marketing and customer experience strategy at North American retail banks to understand the value of data, the delivery of optimized CX, and how it is understood within retail banking organizations. The results were stark: "Retail banks that regularly practice CX optimization grow 3.2 times faster than competitors that don't."[9]

Moreover, "a study by Deloitte found that 84% of customers use online banking, and 72% use mobile apps to reach their primary bank. What's more, customers across all generations, and in all countries, use digital channels more often than branches and ATMs."[10]

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From personalization to privacy

Meanwhile, security and personalization are key pieces of the ongoing digital shift. “Consumers have become accustomed to instant gratification, quick response times, and streamlined processes that save them time and effort. But with increasing concerns about data privacy and cybersecurity, consumers also expect brands to prioritize their protection and provide transparent and secure digital experiences. Beyond these basics, CX in BFSI allows organizations to start to differentiate from one another by offering ever-deeper personalization of services.”[11]

As Zendesk points out, 77% of business leaders recognize that deeper personalization leads to increased customer retention, while 87% of CX leaders sense that data privacy will evolve for more efficient, personalized exchanges.[12]

To get to that place of more personalized and secure experiences, McKinsey suggests reimagining customer journeys, offering the example of a large North American bank that established an innovation factory to redesign critical banking processes and digital journeys. “This brought together cross-functional teams — across product, business, technology, design, marketing, risk and compliance, legal, operations, finance, etc. — to work on reimagining key customer journeys. Over the course of two years, more than 30 reimagined journeys were developed and rolled out. The resulting impact was a 25-50% increase in customer satisfaction of those journeys.”[13]

Omnichannel

As the pursuit of reimagined journeys and streamlined operations in the BFS sector gains momentum, seamless omnichannel banking services on any device become more common. For Zendesk, "conversational experiences" — being able to move a conversation to a new channel without losing the full context of the client's purchase history and previous interactions — are now table stakes.[14]

The omnichannel experience is also essential because, according to TP's 2024 Global Insights Survey, customers are more satisfied, loyal, and willing to recommend a brand when they use more channels to interact with its customer support.[15] Indeed, according to TP, a good range of contact options can serve as a loyalty catalyst or detractor. Customers who are satisfied with the options available to contact their brands are more likely to feel valued and confident in the brand's ability to provide support for future purchases or ongoing service than those who dislike the provided channels. In fact, the difference between liking and disliking the range of available options results in a staggering 41% higher loyalty.[16]

Whatever channels are on offer, according to Salesforce's "State of the Connected Customer" report, 78% of consumers expect a consistent experience wherever they engage. "What's becoming more important," asserts Salesforce, "is providing an omnichannel service experience. That means there's fluid, streamlined, integrated, seamless, and personalized consistency for the customer at all touchpoints, whether they're visiting their bank's local branch office, standing in front of an ATM, or checking account details from their smartphone."[17]

"For banks," adds Zendesk, "this means simplifying the client journey with online and mobile channels and embedding support across channels and devices for consistent and connected interactions."[18] Deloitte agrees, pointing out that 70% of consumers consider a consistent experience across channels to be extremely or very important in choosing their primary bank.[19] Interestingly, TP's 2024 survey work indicates that when it comes to the number of channels used in the past twelve months, 59% of banking customers utilized one channel, 21% went with two channels, while 11% switched between three channels and 4% went with four channels.[20]

That 2024 TP survey also offers insight into what specific channels those banking customers selected: 44% chose voice; 28% chose email/web form; 24% went with mobile app; 18% selected chat with live agent; 12% chose SMS; 10% preferred instant messaging; another 10% chose click-to-call; 9% wanted chatbots; 8% chose callback; 7% went with social media; and 5% selected video interaction.[21] The TP survey also shows that of the instant messaging platforms on offer, 69% of banking customers preferred WhatsApp, 27% went with Facebook Messenger, 17% used InstaMessage, 15% were on Telegram, 14% turned to X direct messages, and 7% chose WeChat.[22]

AI and the human element

And then there is the question of AI. According to Zendesk's 2024 CX Trends Report, 77% of consumers say AI is helpful for simple issues, while 59% of business leaders attest to measurable return on investment (ROI) due to investments in AI.[23] But TP points out that despite the recent hype surrounding GenAI, the percentage of consumers contacting their brands through chatbots (automated or GenAI-powered bots) has not increased since 2022.[24]

It seems that when it comes to higher-stakes matters, an important trend remains consistent — many banking consumers still want to speak with a human being. Back in 2021, Capco noted that 63% of consumers wanted one-on-one personal conversations with bank representatives, indicating that the human touch remained critical to the banking experience.[25] The following year, in 2022, Forrester asserted that in the United States, feeling valued drives loyalty the most in both direct and multichannel banking. And among direct banking customers who feel valued, 87% indicated their intent to remain loyal and advocate for the brand. That percentage increases for multichannel banking customers.[26] By 2024, TP was pointing out that only 28% of survey respondents agreed that AI bots improve customer support, only 25% agreed that AI bots are helpful for complex issues, and only 23% agreed that AI bots are able to provide the same level of support as human agents.[27]

Security, trust, and human beings

Not surprisingly, that sense of feeling valued has much to do with trust. As Salesforce points out, "More than ever before, customers expect a level of transparency when it comes to the use of their information by companies. Financial services organizations will need to protect customers' identities and prove their data is secure in order to earn their trust. The resulting sense of loyalty from the customer will prove mutually beneficial for both parties. The customer will be more willing to share their personal information, which will allow the financial services organization to further personalize experiences and increase satisfaction."[28]

Not only that, but preventing fraud is an important theme. In pursuit of that, "... banks can proactively identify and help customers resolve fraud by leveraging advanced analytics. Fraud resolution is one of the most emotionally charged journeys for customers, and anything that can help them feel at ease dramatically drives trust, as well as 'advocacy' by the bank on their behalf."[29]

Moreover, according to another recent survey, 91% of CX leaders predict AI will enhance trust with improved transparency around AI decisions.[30] Still, for TP, it's also important to remember how consumers feel about brands using GenAI tools for support. The main consensus among consumers is that GenAI tools need human oversight. Although there is much agreement on the benefits of GenAI for simple issues, most consumers disagree that GenAI can provide the same level of support as a human, and they largely prefer human interaction most of the time or always, supporting a good case for AI-enabled human interaction.[31]

TP and the drive to transform BFS

It's within this dynamic context that TP is well-positioned to respond to the demands of the BFS sector across people, processes, and technology. With over 50,000 professionals supporting over 200 clients globally, the company has extensive expertise in helping transform financial services operations, providing front, middle, and back office BPO and digitally integrated business transformation services for the world's top banking and financial services brands. As such, the company offers a specific modular "Service in a Box" approach to advanced banking and financial solutions:

- **Growth Strategy** – Segmentation; Lead Generation (Marketing & Social Media); Onboarding; Account Servicing & Retention
- **Regulatory & Compliance** – Payments Compliance; Regulatory Reporting; Change Management
- **Automation** – Frictionless Interactions through Digital Channels; Urgent Case Management; Infoline Service for App Use; DX for Transactional Issues & Case Registration; Authentication & PIN Reset; TP GenAI
- **Customer Service** – Immediate Servicing for Crisis Management; Cross Border Mobility; Case Follow-ups, Callbacks; Complaint & Claims Handling
- **B2B Services** – Lead Generation (Strategic Partnerships; Collections & Settlement); Customized Payroll Services; Investment Services/Asset Management Support; Transaction Processing
- **Security** – Detection of Cyberthreats; Sensitive Data Treatment & Monitoring; Cloud Services
- **Back-Office** – End-to-End Back-Office & T&S Engine; AML/Financial Crime/Identity Management; Content Moderation/NFT/Incubator; Profile Analysis for Lending; Contract Preparation & Review
- **Analytics & Consulting** – Process & Operational Rules Design; Real-Time Data & Analytics Insights; Demand Forecast & Database Management; Training & Onboarding; Design Thinking & Customer Mapping; Agile Transformation & Delivery; Payment Innovation & Consumer Finance

For TP, the goal is to improve scalability, agility, security, and business results across:

- **Credit & Lending** – Delivers end-to-end Loans Servicing (Auto, Mortgage, SMB/Personal, Commercial), Remediation Servicing, Collections, Credit Decisioning, Fraud Detection, Processing and Lifetime Value Optimization
- **Payments** – Effectively meets end-to-end stakeholder requirements with proven methods for managing retail payments, digital payments, payment processing infrastructures, and transactional banking
- **Consumer & Commercial Banking** – Enhances customer engagement and maintains revenue across Core Banking Services (Servicing), Merchant Servicing, Loans Servicing (Auto, Mortgage, SMB/Personal, Commercial), Fraud/Risk (Cards and Payments), Accounts Receivable/Collections, and digital transformation
- **Finance & Risk Mitigation** – Boosts profitability while improving operations and regulatory compliance in the areas of Finance and Accounting, Sourcing and Procurement, Regulatory and Compliance, Financial Risk Management, Cyber Risk and Resilience, and Finance and Risk Analytics

In turn, this approach is the springboard for a set of comprehensive services:

Digital Business Services

Digital business services involve leveraging technology to create additional value from business models, customer experiences, and the internal capabilities supporting an organization's core operations. These digital technologies have the potential to transform businesses across industries.

The TP Approach

TP is a global digital business services company that provides a comprehensive, AI-powered service portfolio from front-office customer care to back-office functions, including Trust and Safety Services that help defend both online users and brand reputation. Its AI-powered banking solutions consistently deliver superior client support at the right time. Specific channel solutions include voice, secured emails, secured messaging, unsecured emails, chat and bot, omnichannel, and integrated services.

And while the arrival of next-generation AI in the form of software such as ChatGPT has led to questions and concerns around knowledge and service-based career disruptions and replacement via AI, TP feels that this new generation of intelligence will make way for new technology development and the augmentation of existing capabilities. As such, new offerings, partnerships, and opportunities will almost certainly emerge. For TP, the added value these New Tech capabilities will have on the customer journey and interactions between brands and their customers cannot be overstated. The result aims to be a "high-powered approach" between agents and customers.

Digital Transformation

Digital transformation is about the fundamental and continuous rewiring of an organization's operations over time. The goal "should be to build a competitive advantage by continuously deploying tech at scale to improve customer experience and lower costs."[32]

The TP Approach

TP has deep experience improving business results, streamlining processes, and managing the entire customer lifecycle for global firms. TP points out that while the current economic situation (high inflation and interest rates) has led to concerns related to muted business earnings, lower global demand, and even recession, the situation also opens the door to a host of potential business optimization needs. In fact, this environment might create significant captive buyout opportunities into 2024 (similar to the crisis in 2008, a time when Citi and UBS captives were eventually acquired by IT companies).[33]

Collections Services

The collections process is about the recovery of outstanding debt. Collections (or debt collections) involve the process of recovering debts from borrowers who failed to repay and recovering payments on accounts past their due date.

The TP Approach

TP provides collections services called TP Collect that feature new streams to replace or supplement internal teams. The company is adept at implementing world-class, first-party or third-party collections services that accelerate customer contact, repayment, and transaction processing. These turnkey collections solutions enable flexible, seamless, and cost-efficient transactions between businesses and customers.

This is particularly relevant during high levels of debt and inflation across the economy when businesses and consumers turn to credit to pay their mounting debt. Yet TP notes this also may create additional opportunities for outsourcing in the following specific lines of business: Debt Collection (Recovery, Tracing, Reporting and Debt Recovery action plan); Credit Risk Assessment (Credit Risk Analysis, KYC, Risk Assessment and Underwriting Support); Fraud Detection and Prevention (Transaction Monitoring, Fraud Analysis and Reporting); and Compliance and Regulatory Reporting (Compliance Audits and Assessments, Filling Regulatory Reports).

In this context, TP offers an array of strategic solutions: TP Recommender (an AI-based analytics platform that provides propensity-to-pay and omnichannel segmentation-based collections models and strategies); TP Cube (a collections-specific workflow and dialer platform that can incorporate collections strategies and predictive dialing models); TP Interact (provides compliance monitoring with specific regulatory solutions for FDCPA and TCPA adherence while also supporting collector effectiveness and quality assurance); and Payment Gateway (accepts online payments via a web-based portal for customers where they can view the history of all payments made on the customer portal and allows the customer to request a receipt via email; the portal is also mobile friendly, and the customer can scan the QR code on the letters to access the portal).

Takeaways

Ultimately, it should be remembered that "Customers expect an excellent customer experience regardless of industry. They aren't comparing their experience with one bank to another bank or even with one channel to another channel — they're comparing it to the last best experience they had.... Unfortunately, research also shows that banks fall behind other brands in meeting customers' expectations. To wow and retain customers, banks will need to keep up with the kinds of fast, personalized, and seamless digital experiences that consumers' favorite businesses are already providing."[34]

That digital shift is ongoing. As McKinsey notes, "So, while banks have correctly focused on building digital experiences to enable customers to bank in their channel of choice and self-serve for many interactions, there is still an opportunity for banks to actively help customers migrate to digital channels. This, in turn, will likely not only drive higher customer satisfaction, but result in a lower cost-to-serve and convenience."[35]

Action Items

Together, TP and TrendzOwl propose the following key action items for BFS organizations and their BPO partners:

Turn to the ongoing digital shift

For TP, "embracing digital channels and anticipating the rise of upcoming disruptors in the market is no longer just a 'nice-to-have' but has become a 'must-have' for brands. As technology continues to advance and customer behavior and preference shift with it, brands need to stay ahead of the curve and adopt a forward-thinking approach to digital services."[36]

Prioritize human-based support

TP has found that 39% of consumers agree that AI bots are impersonal and lack empathy.[37] 2024 TP survey work also shows that 66% of banking customers prefer human assistance versus automated or AI bot assistance, and only 4% of those banking customers choose the automated bot.[38]

Focus on data privacy and security

The ongoing digital shift means that banks must continue to place significant trust in the experience and skill of third-party providers. This inevitably includes a heightened focus on data privacy and cybersecurity, with a particular emphasis on threats such as fraud and money laundering.

Notes

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About TrendzOwl

TrendzOwl is a market intelligence and advisory firm interested in a set of interrelated areas impacting today's global enterprises — from CX and BPO to the world of telecom services and devices. The central theme animating our research is that exponential technological change is supercharging an era of immersive techno-consumerism and the increasingly high service expectations that come with it. But even as the information and communications revolution rushes toward an AI-enabled metaverse, globalization is under increased pressure. Our ability to anticipate the future seems more limited than ever. Is your organization prepared for tomorrow's world, whatever form it takes?

About TP

The world's best brands trust TP for advanced business services, solution design, digital customer journey management, operational efficiencies, integrated sales strategies, and much more. With advanced, AI-powered solutions and nearly 500,000 service and solution experts with local and industry-specific expertise, TP teams provide support in 170 countries and speak 300 languages and dialects. In addition to consistently being ranked as a business services leader and innovator, TP has been recognized as a top global employer, named among the 25 World's Best Workplaces for the third consecutive year by Fortune and the Great Place to Work® Institute.