

Top 13 Predictions for the Future of Banking

👤 Philip Ryan 📅 October 8, 2015 🗨️ 11

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We asked, you answered.

In **Bank Innovation's** State of Banking survey for the third quarter of 2015, conducted last week, we asked members of the financial services industry for their views on what banking might look like in 2020.

2020 isn't as far away as it used to be (to paraphrase Yogi), but the answers show that respondents expect significant changes in the coming five years. (Well, except one guy — see #13 below.)

Unsurprisingly, the answers don't all agree.



1. **Increased competition.** "The competition will come from non-traditional competitors in big tech. Many start from scratch truly 'digital' banks will carve out a niche for themselves. Some of the big traditional banks that don't embrace partnerships with fintech or generate their own innovations will fail."
2. **Unbundling will continue.** Banking will be "more fragmented with incumbents losing more and more pieces as consumers build their own suite of products from a multitude of providers."
3. **More open, more APIs.** Expect an "open and integrated ecosystems with several solutions outside banking."
4. **Increased specialization.** Banking will be "split between specialty players and customer-broker combining a series of low-cost marketplaces and platforms to serve specific customer needs with speed and adequate value for money. [Banks will be] severely hit by over-the-top competitors, scaling down size and

employees.”

5. **Remain dominant.** Banks “will bring to market competitive products that start-ups might have gained traction in the market (either through internal development or acquisition). We might see one or two brands not survive, but the existing customer base is too valuable a channel to be eroded in five years.”
6. **Competing beyond financial services.** “Banks will become marketplaces competing on a wide range of business models.”
7. **Better functionality in some areas, worse in others.** Banks will be “slightly improved in areas of mobile and peer-to-peer payment, more rigid and disliked in area of account opening, lending and payments.”
8. **Remain ‘trusted advisors.’** “I think many of the day-to-day things you do with a bank will go to self-service (aka mobile), while the consultative, face-to-face needs will still be the norm for more complex items, albeit with technology creating the arrangement. People, for all their love of technology, still have a need to socialize and when it comes to finances, discuss with someone they trust.”
9. **More flexibility, more context-awareness.** “Using more sophisticated analytics, [banks will] deliver customized experiences to each person. We should see greater adoption of API models and some interesting new ways to leverage them to improve service and stickiness.”
10. **The blockchain will reign.** “Digital systems like Blockchain, Ripple, Ethereum will be common place. It’s not a matter of if, but when. Outside of US will see the biggest moves as mobile banking, blockchain tech will move faster.”
11. **Aggregators of services.** A bank will be “an aggregator of functionalities provided by “startups,” but will remain close to the customer and protected by regulators.
12. **Customer-centric.** Banks will be “driven by customer needs, not banks’ needs.”
13. **Unchanged.** “Same as today — all talk, no action!”

We’ll revisit this in five years to see who was right. In the meantime, check out a more statistics from the current survey [here](#).

Learn more about fintech startups and how they can work with banks, as well as hear from Vikram Pandit, ex-CEO of Citigroup, at Bank Innovation Israel, Nov 10-11 in Tel Aviv. Click [here](#) for details.

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