

# Banking Reimagined: Preparing for Next Generation Business Models

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## ② A Pressing Dilemma:

**How can CIOs and technology leaders ensure the firm gets paid for digital while keeping costs under control?**

# A Tale of Two Banks

## Two Digital Strategies

Illustrative



**Primary Business Goal:**  
Grow small business customer base.



### Strategic Approach to Achieve Goal:

- APIs for convenience.
- Specialized payment capabilities for transactional needs.
- Analytics for front line enablement.
- Build the business banking brand.



### Strategic Approach to Achieve Goal:

- APIs for third-party connectivity.
- Specialized payments capabilities for ecosystem access.
- Analytics for self-service enablement.
- Build the banking and non banking brand.

\*Fictional company profiles  
Source: Gartner

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**Business Model Optimization**



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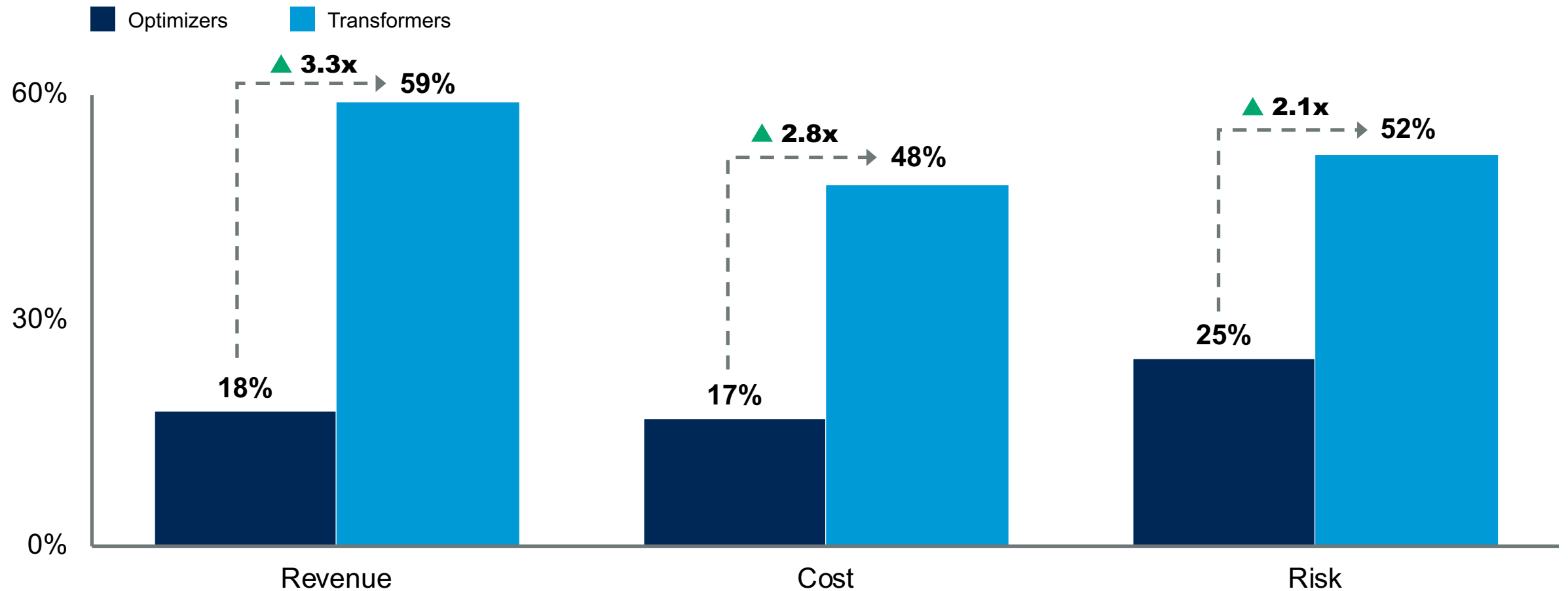
**Business Model Transformation**

\*Fictional company profiles  
Source: Gartner

# Transformers Are Winning by Huge Margins

## Likelihood to Exceed Revenue, Cost and Risk Goals

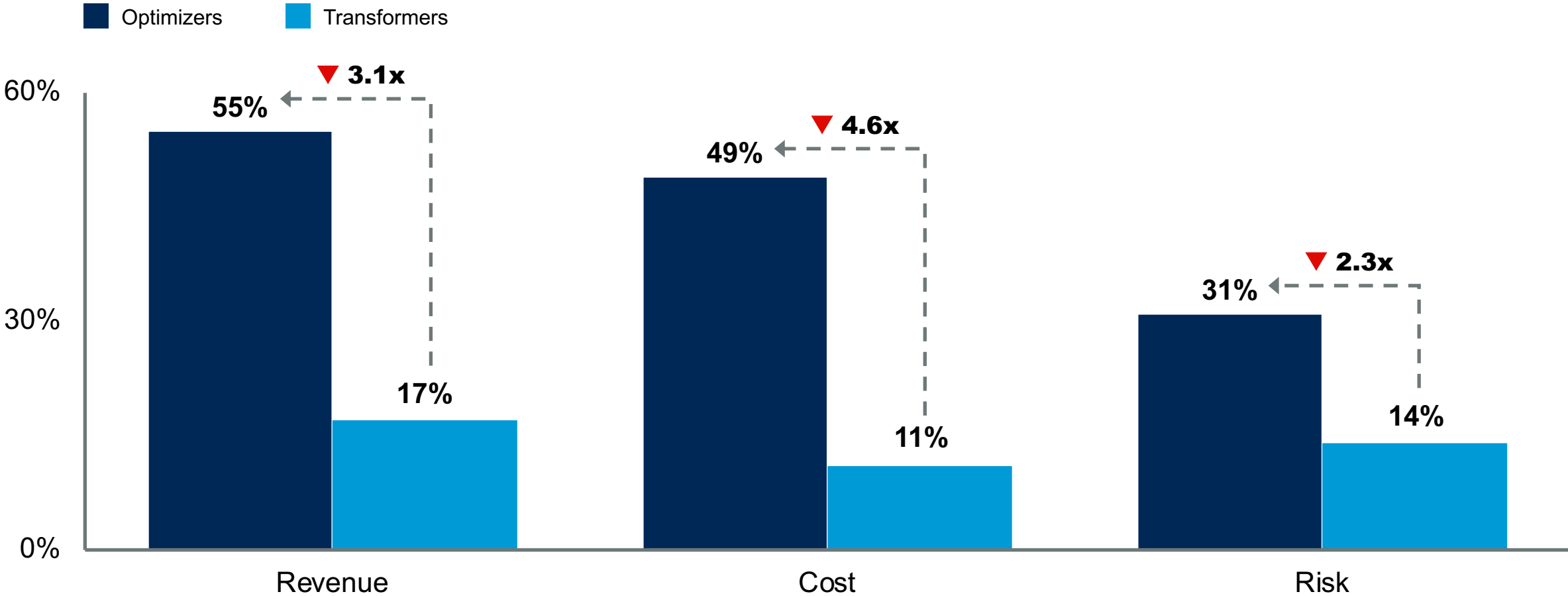
Business Model Optimization vs. Business Model Transformation



Source: Gartner 2022 Financial Services Technology Survey

# Optimizers Are Losing by Huge Margins

Likelihood to Fall Behind Revenue, Cost and Risk Goals  
Business Model Optimization vs. Business Model Transformation



Source: Gartner 2022 Financial Services Technology Survey

## ② **The Question for Today:**

**How can CIOs and technology leaders enable the winning banking business models of the next decade?**



# CIO Action Steps to Enable New Business Models

**1**

**Inspire  
Stakeholder  
Action With  
Banking  
Possibilities**

**2**

**Orchestrate  
Change With Cost  
Efficient  
Strategies**

# Moves You Need to Make

**1**





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**2**

**Orchestrate  
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Strategies**

# New Business Models Create New Room to Grow

## Examples of Firms Transforming Their Business Models

Differentiated Capabilities	Beyond Banking Solutions	Autonomous Banking	Metaversal Banking
			

## Least Disruptive

## Most Disruptive

# 1. Differentiated Capability Monetization



- Banks are repurposing capabilities across functions as fundamentally new offerings.
- Strategic partnerships with technology providers will reduce costs and accelerate deployment.
- CIOs and technology leaders should start evaluating their most mature and differentiated capabilities.

# Goldman Sachs' BaaS Delivers New Product Type



## Goldman Sachs **Financial Cloud for Data**

- Goldman Sachs partnered with Amazon Web Services to offer Financial Cloud for Data to institutional and large hedge fund clients.
- Offers the same analytical tools used on its own trading floor to financial services customers.

Source: [Gartner Innovation Insight: What Bank CIOs Must Know When Considering Bank-Specific Cloud Solutions](#) (G00764269)

## 2. Beyond Banking Solutions



- Banks are providing new financial and nonfinancial products and services through ecosystem partners.
- Consumers can receive personal, family, and other life assistance, while business owners can gain insight and support on strategic objectives.
- CIOs will need to place APIs and composable architectures at the center of technology strategy to enable new products and services.

# Standard Bank's Ecosystem Improves Sustainability



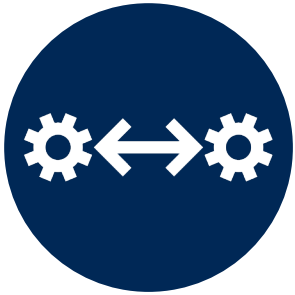
**Standard Bank**

**PowerPulse Ecosystem**

- Standard Bank created a digital platform to make it easy for clients to procure solar energy solutions.
- PowerPulse connects businesses, solar energy suppliers and financiers to accelerate renewable energy adoption and create new revenue for the bank.

Source: [Gartner Case Study: Collaborative Processes for Ecosystem Creation \(G00789258\)](#)

### 3. Autonomous Business



- Banks are already using AI-driven fraud detection, robo-advice, and embedded finance.
- Emerging and future applications include auto-adapting and auto-composing technology and products as AI makes decisions, takes action, and constantly adapts.
- CIOs and technology leaders need to explore generative AI capabilities today to prepare for tomorrow.



# Mizuho's Experimental AI-Supported Coding



- Mizuho is equipping staff and systems with generative AI that will help write, test and correct code during development and maintenance.
- Mizuho is encouraging staff to ideate and experiment with generative AI for additional use cases that can help them stay ahead of the curve.

Mizuho Financial

**Autonomous Development**

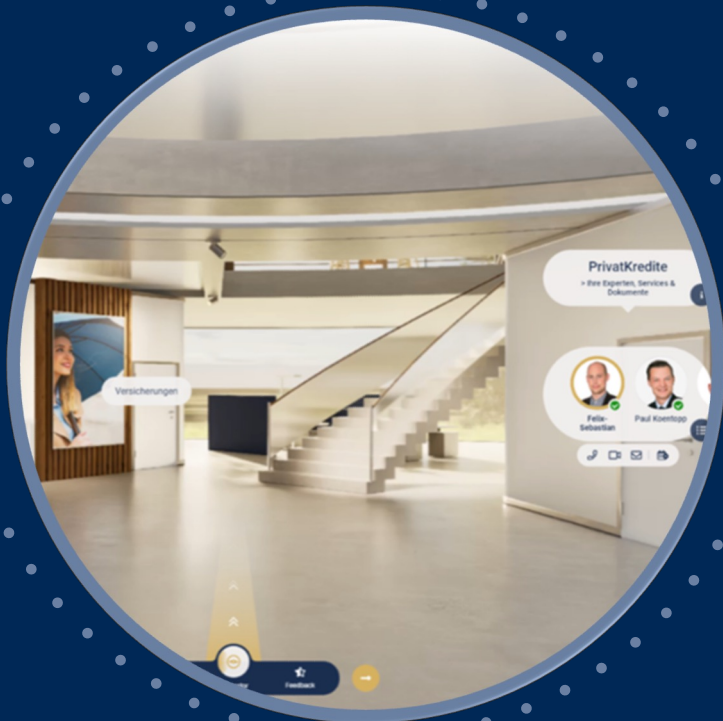
Source: [HRD: Mizuho permits 45,000 employees to use generative AI](#), HRD Asia

## 4. Metaversal Banking



- The metaverse is blending the virtual and physical worlds further.
- Firms will integrate banking and payment services into the metaverse via embedded capabilities.
- CIOs and technology leaders must prepare to support the issuance, custody, trading, and settlement of new digital business assets to support new financing models.

# Degussa Bank's Digital Twin Branch



## Degussa Bank Digital Bank Shop

- Degussa created a digital twin of their organization in the metaverse.
- In addition to the branch, banking leaders should also consider new engagement models, new digital asset classes, and operations redesign as opportunities to compete in the metaverse.

Source: [Gartner Case Study: Built-In Flexibility to Prepare for the Metaverse](#) (G00788723)

# Moves You Need to Make

1

**Inspire  
Stakeholder  
Action With  
Banking  
Possibilities**

2

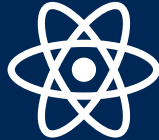
**Orchestrate  
Change With  
Cost-Effective  
Strategies**

# What Impacts Transformation Success?

## Potential Enablers of Transformation



Technology  
Budgeting  
Strategies



Overall Digital  
Capabilities



Partnerships  
and Acquisitions



Number of  
Technologies Deployed



Connections to  
Other Services



Organizational  
Composability



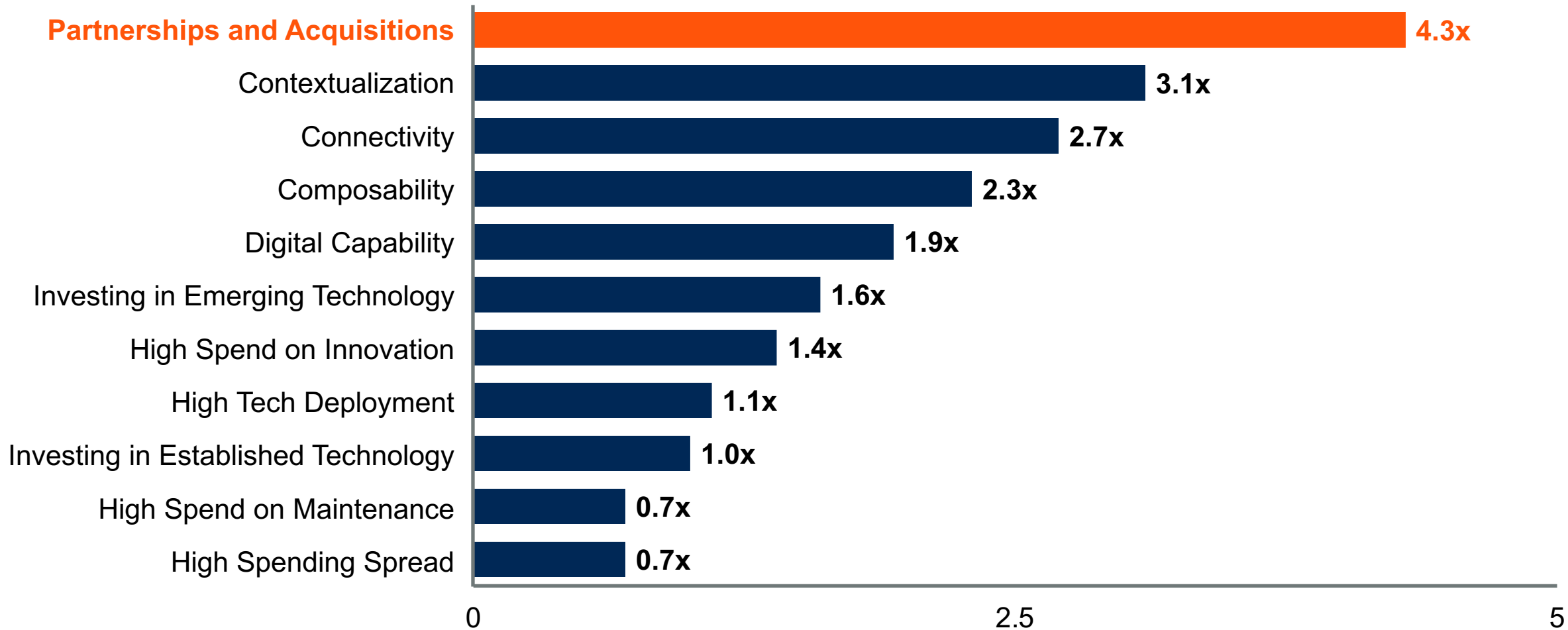
Product and Service  
Contextualization



Types of Technologies  
Deployed

# Partnership Quadruples Your Transformation Odds

Impact of Different Factors on a Firm's Chances of Successful Business Model Transformation



Source: Gartner 2022 Financial Services Technology Survey

# Banking Reimagined

**1** Business model transformation is essential and urgent in this new digital era.

**2** Banks and fintechs are achieving impressive scale with new models.

**3** Partnership orchestration will drive successful transformation.

# Recommended Gartner Research



[Gartner's Digital Banking Taxonomy 4.0: Core Capabilities for Successful Digital Banks](#)

Alistair Newton and Christopher Uzureau



[How Financial Services Executives Can Improve Returns on Technology Investments](#)

Financial Services Business Leader Research Team



[Research Roundup for Building a Fintech Strategy](#)

Financial Services Business Leader Research Team



[Forge Partnerships Necessary for Value Transformation in Financial Services](#)

Financial Services Business Leader Research Team