

Digital Transformation: What's Next for Australian Banks?

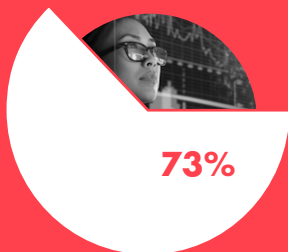


The inside story from 75 senior Australian banking leaders

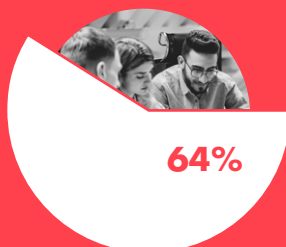
To lift the lid on the state of digital transformation in Australian banking, we surveyed 75 senior Australian banking leaders for their insights. We asked them how their transformations are going, what their main challenges are and how they're prioritizing their transformation strategies.

Here's a snapshot of what we found.

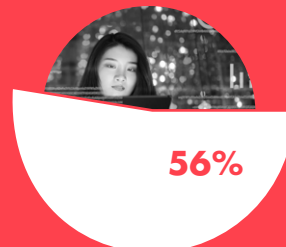
KEY STATS AT A GLANCE



Nearly three-fourths admit evolving customer expectations have highlighted the weaknesses in their organization's current customer experience.



Nearly two-thirds believe their firm's legacy systems and infrastructure are hindering them from providing the digital experiences their customers expect.

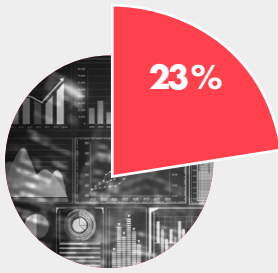


Over half cite data monetization as their company's number one priority over the next three years.



Roughly one in five Australian banks have a fully agile operating model.

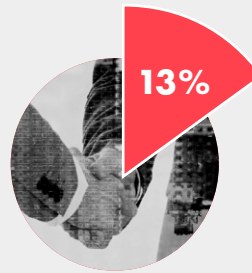
The top priorities for digital business transformation in Australian banks are:



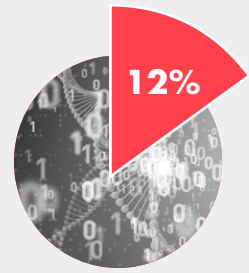
Enabling greater agility



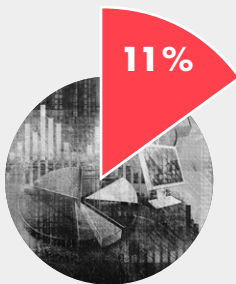
Improving the customer experience



Acquiring new customers



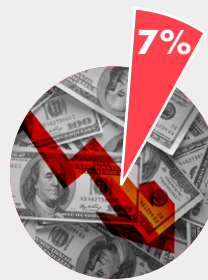
Improving cybersecurity



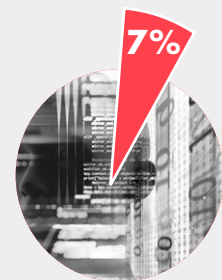
Growing revenue with new products and/or service offerings



Growing revenue from existing products



Reducing costs through improved efficiency



Challenging the threat posed by new market entrants (e.g., Google, Apple, Amazon)

The three main barriers to digital transformation are:

 **LACK OF BUDGET**



cited the lack of budget as the main thing holding their digital transformation back.

 **LACK OF ACCESS TO DATA**



said that lack of access to data is their primary digital transformation barrier.

 **REGULATORY CHALLENGES**



indicated that regulatory challenges are their biggest barrier to digital transformation.

Australian banks are focusing on customer centricity

Banks want to use data to create new products and services that deliver more personalized omnichannel experiences.



45%

are putting omnichannel services at the top of their list to advocate for CX transformation by making products seamlessly available across channels.



43%

state that making personalized customer journeys (e.g., tailored marketing, personalized savings tips based on individual spending habits) is their top CX transformation priority.



41%

said that developing new/nontraditional financial products and services (e.g., travel booking) is their key strategy for improving customer experience.

Australian banks want to become more agile

Banks are transforming to survive in the customer-centric digital era, but access to data, talent and the right technology and platforms remains a challenge.



GENERATIVE AI

37% ●●●●●●●●●●

said that investing in generative AI for internal use is their top priority for operational transformation.



DEVELOPING TALENT

35% ●●●●●●●●●●

said that investing in developing existing talent (e.g., upskilling, reskilling) is an operational priority, while 32% are focusing on developing new talent (e.g., hiring digital skill sets).



MODERN CLOUD

31% ●●●●●●●●●●

are focused on building modern cloud-based core banking systems.

How do Australian banks think they stack up?



59%

think they're ahead of their competitors when it comes to their ability to transform customer experiences.



90%

think they're ahead in key development areas.

AI is now in play

Banks in Australia see the potential of AI technologies to boost digital transformation.

CUSTOM-MADE AI

75% 

believe developing custom-made AI tools specific to requirements is more important than faster rollout that could be achieved by using available third-party solutions.

INVESTMENT

31% 

of banks' customer experience digital transformation investment will be prioritized for machine learning, AI and generative AI.

DIGITAL NATIVES

73% 

admit their firms must do more to appeal to digital native customers.

Internal uses of generative AI are the focus—for now

Over half (55%) of banks are pursuing employee- and internally-focused use cases, such as marketing, customer service, communications, PR, customer apps and more.



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