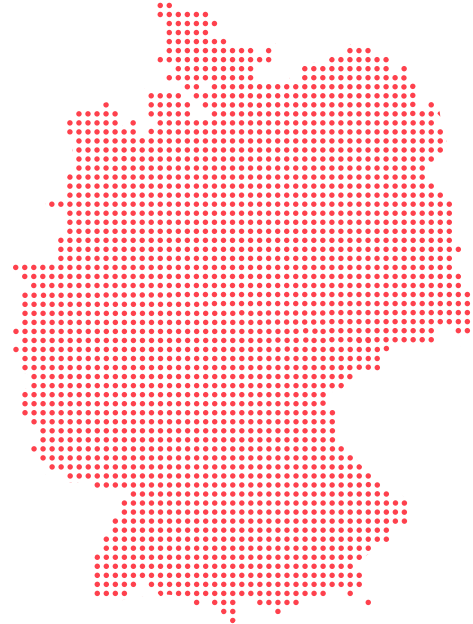


Digital Transformation: What's Next for German Banks?



The inside story from 70 senior
German banking leaders

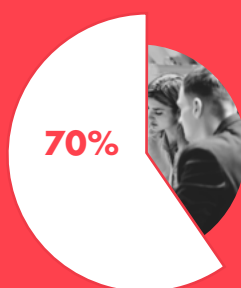
To lift the lid on the state of digital transformation in German banking, we surveyed 70 senior German banking leaders for their insights. We asked them how their transformations are going, what their main challenges are and how they're prioritizing their transformation strategies.

Here's a snapshot of what we found.

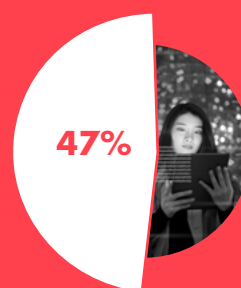
KEY STATS AT A GLANCE



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



Seven in 10 believe their firm's legacy systems and infrastructure are hindering them from providing the digital experiences their customers expect.

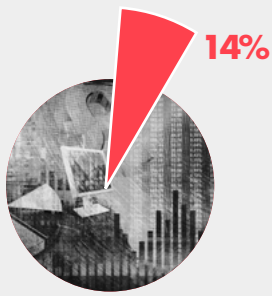


Nearly half cite AI and emerging technologies as their company's number one priority over the next three years.

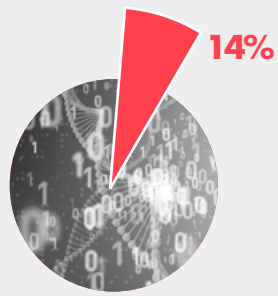


Almost a third of German banks have an agile operating model.

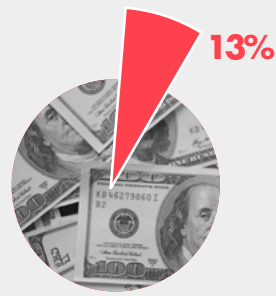
The top priorities for digital business transformation in German banks are:



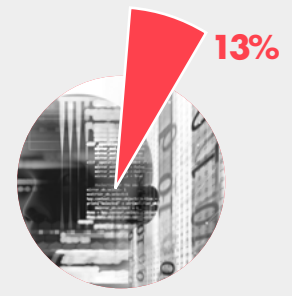
Improving cybersecurity



Growing revenue from existing products



Growing revenue with new products and/or service offerings



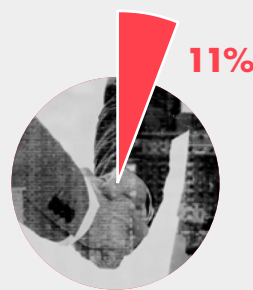
Enabling greater agility



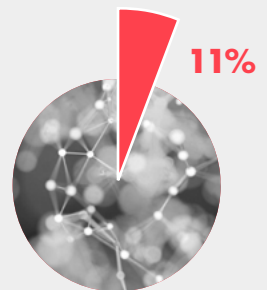
Improving the customer experience



Reducing costs through improved efficiency



Acquiring new customers



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

The three main barriers to digital transformation are:

LACK OF BUDGET



say lack of budget has been the biggest barrier to their digital transformation efforts.

THE SKILLS GAP



say that a lack of workforce skills or willingness to embrace change is impeding their ability to transform digitally.

LACK OF ACCESS TO DATA



claimed that access to data is their primary transformation barrier.

Personalizing customer journeys is a priority for German banks

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



50%

are putting community engagement (e.g., educational tools and games to improve financial literacy among children, remote access for customers who lack digital skills) at the center of their CX transformation.



44%

are combining customer data across systems to build a richer understanding of their relationship with customers.



37%

said that creating personalized customer journeys (e.g., tailored marketing, personalized saving tips based on individual spending habits) was their main objective.

German banks want to become more agile

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



AGILE CAPABILITIES

43%

said that their top priority for operational transformation is for their business to be more agile (e.g., cross-functional collaboration, decentralized structures).



MODERN CLOUD

34%

declare modern cloud-based core banking systems to be a key priority for operational transformation.



INTELLIGENT TECHNOLOGIES

30%

are prioritizing other intelligent technologies (e.g., other AI/ML/RPA).

How do German banks think they stack up?



76%

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



98%

think they're ahead in key development areas, such as innovation for products and services.

AI is now in play

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

SPEED

76% 

believe AI's biggest potential is in making processes more efficient, profitable and faster rather than doing them better or more accurately.

INVESTMENT

24% 

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

CAPABILITIES

80% 

say they will prioritize non-customer-facing generative AI over the next three years to improve capabilities.

Internal uses of generative AI are the focus—for now

Half (50%) of banks are pursuing transactional generative AI use cases such as credit analysis, portfolio management, underwriting, risk measurement, legal contracts, proposals, RFPs, pitch documents and more.



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