

# Predictions 2025: Banking

## Technology will power banking convenience, ease and customer loyalty

A transformation is underway in the financial services sector that will shape technology investment for years to come. Digital transactions have increased dramatically as banks look to accommodate real-time transfers and enable cross-border payments. The regulatory landscape is rapidly changing amid geopolitical volatility, presenting implications for data privacy and cybersecurity. And for everyday consumers, banking options that provide ease, access, and a personalized touch are paramount.

Financial enterprises have led in testing new technologies and implementing them in a structured way – from cloud migration to the early use of AI in the capital markets space. The sector also reports feeling more prepared than most to navigate talent gaps and overall risks.<sup>1</sup>

But in an industry still heavily dependent on mainframes, core banking systems built on legacy platforms can stand in the way of innovation. In 2025, companies will renew their focus on technology investments, taking steps to modernize costly environments burdened with technical debt and pull ahead in an increasingly competitive sector with fast-moving fintechs and neobanks.

As enterprises prepare for new regulations aimed at protecting against increasing cyber threats, they will continue to explore how AI technologies can bolster security and help them achieve compliance. They will invest in cloud and edge computing to keep their costs and technological complexity in check. And they'll prioritize finding the right combination of skills and technologies to help close skill gaps.

In this new age of digital finance, the sector is changing so fast that banks have to be nimbler than in the past. But there is one certainty as industry leaders forecast the year ahead: their readiness will be tested at every turn.

<sup>1</sup> *Kyndryl's Readiness Report*, 2024 October



## The readiness paradox



**91%** of banking and financial leaders are confident that their IT infrastructure is best-in-class.



**45%** of banking and financial leaders are concerned their IT tools or processes are outdated or close to end-of-life.



**41%** of banking and financial leaders report that their IT infrastructure is completely ready to manage future risks, which is higher than the overall average of **39%**.

## 2025 outlook

- In the coming year, enterprises that have relied on multiple payment systems acquired over time will focus on payment application rationalization and simplification to promote integration, reduce costs, and improve the overall user experience. Additionally, the sector will see more acquisitions and consolidations of independent payment apps to drive innovation and efficiencies.
- Firms in the banking, payments, and capital markets industries will focus on harnessing their mainframe data to leverage AI for cybersecurity and compliance, with significant applications around regulatory controls, fraud detection, rapid fraud recovery and consumer data protection. In one example, generative AI can help firms rapidly update documentation as compliance requirements change, reducing the time required for teams to review these documents. Generative AI use in the anti-money laundering space is also expected to grow, as firms apply the technology to more accurately identify suspicious activity and get ahead of bad actors.
- The most innovative companies will expand their focus on low-code and no-code development, particularly in serverless applications, to accelerate their digital transformations. Adopting low-code platforms can help firms manage complex hybrid computing environments as they automate workflows to reduce errors and boost productivity, and build the customized solutions that deliver the personalized experiences that today's customers demand. These platforms can be used to support digital banking, risk assessment, loan products and more — all ultimately moving financial firms into the future.

### Market activity

Kyndryl helped a major U.S. bank modernize its core infrastructure, systems, tools and software to remove inefficiencies that stalled innovation by migrating to public cloud, reduce technology debt, streamline operations and improve performance.<sup>2</sup>

<sup>2</sup> *Banking and Financial Markets | Accelerate modernization to drive business priorities*, kyndryl.com

**“Today, hyper-convenient banking services are essential to winning and keeping customers. People want to use banking apps how, when and wherever they choose. It’s up to banking leaders to provide the easy and immediate access that will make them competitive players in a fast-changing digital landscape.”**

— *Robert Turner, Senior Vice President and General Manager of U.S. Financial Services*





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