

Digital Transformation: What's Next for Canadian Banks?

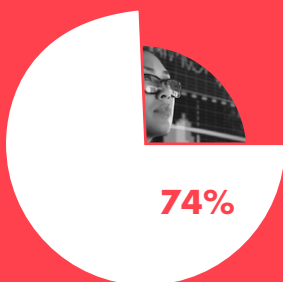


The inside story from 50 senior
Canadian banking leaders

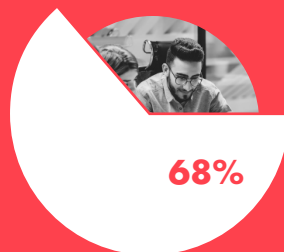
To lift the lid on the state of digital transformation in Canadian banking, we surveyed 50 senior Canadian banking leaders for their insights. We asked them how their transformations are going, what their main challenges are and how they're prioritizing their transformation strategies.

Here's a snapshot of what we found.

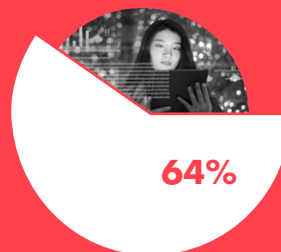
KEY STATS AT A GLANCE



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



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

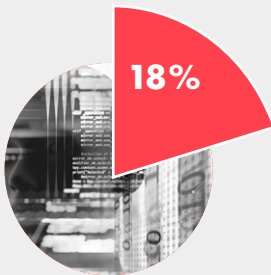


Nearly two-thirds cite cybersecurity as their company's number one priority over the next three years.



Roughly one in four Canadian banks have a fully agile operating model.

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



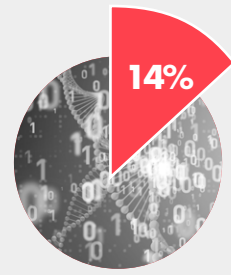
Improving cybersecurity



Reducing costs through improved efficiency



Enabling greater agility



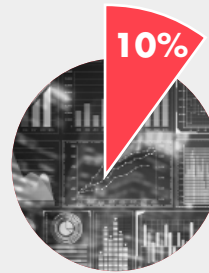
Growing revenue from existing products



Growing revenue with new products and/or service offerings



Improving the customer experience



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



Acquiring new customers

The three main barriers to digital transformation are:

LEGACY TECHNOLOGY



said that old technology and legacy systems were the main things holding their digital transformation back.

REGULATORY CHALLENGES



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

LACK OF A UNIFIED STRATEGY



said that the lack of a unified strategy or investment across business functions and leadership was a key barrier.

Canadian banks are focusing on customer centricity

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



56%

said that combining customer data across systems to build a richer understanding of their customers and their relationships is their top customer experience transformation priority.



38%

are prioritizing offering new products and services as a key part of their CX strategy.



34%

said that creating personalized journeys (e.g., tailored marketing, personalized savings tips based on individual spending habits) is a key strategy for improving customer experience.

Canadian 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.



DATA & ANALYTICS

48%

said that the ability to obtain a richer understanding of their customers via better use of data and analytics is their top priority for operational transformation.



GENERATIVE AI

46%

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



DEVELOPING TALENT

40%

said that investing in developing existing talent (e.g., upskilling, reskilling) is an operational priority, while only 22% are focusing on developing new talent (e.g., hiring digital skill sets).

How do Canadian banks think they stack up?



49%

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



83%

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

AI is now in play

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

SPEED

80% 

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

INVESTMENT

31% 

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

DIGITAL NATIVES

74% 

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

Internal uses of generative AI are the focus—for now

More than half (56%) 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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