

Digital Transformation: What's Next for Middle Eastern Banks?



The inside story from 90 senior
Middle Eastern banking leaders

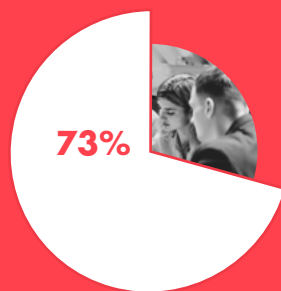
How are banks in the Middle East progressing with their digital transformation? To find out, we surveyed 90 senior Middle Eastern banking leaders for their insights. We asked them how their transformations are going, what their main challenges are and how they're prioritizing their transformation strategies.

Here's a snapshot of what we found.

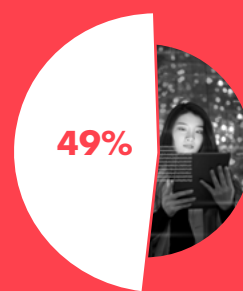
KEY STATS AT A GLANCE



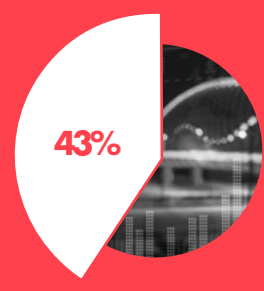
Over three-fourths believe their firm's legacy systems and infrastructure are hindering them from providing the digital experiences their customers expect.



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

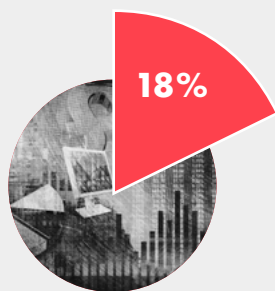


Nearly half cite cybersecurity as their company's number one priority over the next three years.

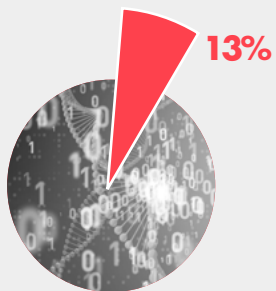


More than two out of five Middle Eastern banks have a fully agile operating model in place.

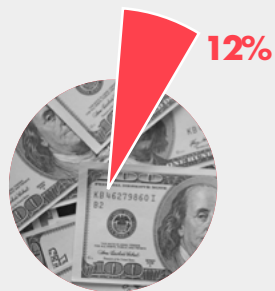
The top priorities for digital business transformation in Middle Eastern banks are:



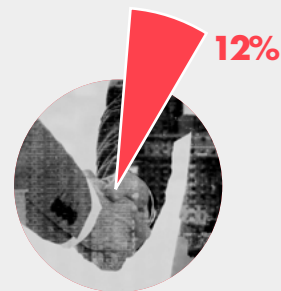
Improving cybersecurity



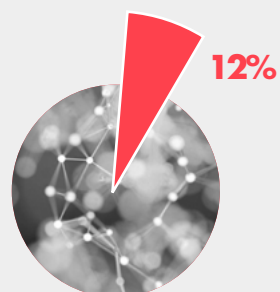
Growing revenue with new products and/or service offerings



Growing revenue from existing products



Acquiring new customers



Enabling greater agility



Reducing costs through improved efficiency



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



Improving the customer experience

The three main barriers to digital transformation are:

LACK OF BUDGET



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

REGULATORY CHALLENGES



said that changes in regulation were a key barrier to digital transformation.

LEGACY TECH



said that old technology and legacy systems were the main things holding them back.

Personalizing customer journeys is a priority for Middle Eastern banks

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



40%

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



39%

are putting creating new/nontraditional financial services and products (e.g., travel booking) at the center of their CX strategy.



36%

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



36%

state that offering new distribution channels for traditional products and services is their top priority.

Middle Eastern banks are transforming how they operate

Banks are transforming to survive in the customer-centric digital era. Their transformation priorities extend across people, partners, technology and culture.



DEVELOPING TALENT

36%

said that investing in existing talent (e.g., upskilling, reskilling) is an operational priority, compared to 32% focusing on new talent.



STRENGTHENING NETWORKS AND ECOSYSTEMS

34%

said that strengthening their partner networks and ecosystems was at the top of their to-do list.



ORGANIZATIONAL CULTURE

32%

are prioritizing organizational culture to embrace change.



GENERATIVE AI

32%

are prioritizing generative AI for internal use.

How do Middle Eastern banks think they stack up?



75%

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



94%

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

AI is now in play

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

SPEED

74%



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

INVESTMENT

20%



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

CAPABILITIES

84%



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

Approximately 66% 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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