

Shaping Banking's Next-Gen Customer Engagement



Customer engagement in banking continues to be redefined, influenced not just by industry disruptors but by sectors that set the benchmark for customer-centricity. McKinsey reveals that more and more customers expect the levels of satisfaction they receive from leaders such as Amazon, Apple, and Google—and they expect this from even the sleepiest corners of markets across all industries. This underscores an urgent imperative for banks to continue evolving from being transactional service providers to trusted partners, delivering value at every interaction and anticipating customer needs in innovative ways.

The competitive landscape in banking is complicated by the rise of fintechs, neobanks and big techs, that leverage technology to deliver hyper-personalized services at scale. Additionally, modern customers demand more than just individual banking services; they seek integrated experiences that blend financial, lifestyle, and advisory services seamlessly that are unique to their segment, context and life-stage. Banks that will invest in innovative approaches will not only foster deeper relationships but also unlock significant benefits, including customer loyalty, accelerated growth, and stronger shareholder returns.

To remain relevant in 2025 and beyond, banks must continue to move away from the universal banking model, creating and delivering value for segments that offer opportunities in the spaces/ regions that they operate. A strong focus on nuanced customer segments, tapping new engagement channels, and building hyper-connections must form the cornerstone of customer engagement strategies. For banking leaders, the path forward demands bold innovation and unwavering commitment to redefining engagement—not just to meet expectations, but to continuously exceed them.

Industry Trendline

The gig economy represents 12% of the global workforce | Generation Alpha exceeds 2 billion by 2025

Voice banking presents a \$2.99 billion opportunity by 2028

Gen AI could add between \$200 billion and \$340 billion in value annually

Elevating Customer Engagement in 2025, banks will

Further evolve avenues of value creation and delivery for nuanced customer segments

Scale investments in emerging channels to embed customer engagement seamlessly into everyday life

Scale data and AI to create connected customer journeys in the world of hyper-connection

Nuanced Customer Segments: Meeting Distinctive Needs

Nuanced customer segments have always been a part of the banking landscape, but their importance has grown significantly in recent years. Traditionally, banks focused on broad categories such as retail customers, corporate clients, and high-net-worth individuals. Within these groups, distinct sub-segments like gig workers, global immigrants, tech-savvy seniors, and Generation Alpha have unique financial needs and preferences that continue to evolve. In the corporate banking space, emerging segments such as sustainability-focused enterprises and digital-first startups are driving tailored product development, while in wealth management, niche segments like next-gen wealth inheritors and impact investors are shaping bespoke advisory services.

While these segments are not new, the scale of their expectations has expanded. For instance, the global gig economy now accounts for up to 12% of the global workforce, with transaction volumes forecasted to reach \$455 billion by 2023. Similarly, Generation Alpha, expected to exceed 2 billion by 2025, represents a rapidly growing cohort with distinct digital engagement needs. The demand for tailored and contextual experience continues to rise, driven by specialized fintechs and digital-native players entering these markets.

Banks are making strides to address these evolving demands, but scaling personalized offerings efficiently remains a critical challenge. Incumbent players face competition from fintechs adept at meeting niche needs with agility and precision. Compounding these challenges are legacy infrastructure, complex regulatory environments, and the high cost of

innovation, particularly in underserved segments like gig workers and immigrants. However, advancements in AI, real-time analytics, and cloud-native platforms are unlocking new opportunities for delivering tailored and hyper-personalized solutions in a cost-effective manner.

To sustain success with these nuanced customer segments, banks must prioritize new avenues of value creation and delivery. Internally, this means enabling employees with platforms to configure products with speed and minimal effort. Banks are also expected to empower customers to configure bespoke financial products that meet their specific needs. Externally, banks need to be able to co-innovate with ecosystem players and fintechs for unique offerings. On the delivery channels, banks need to continue embracing emerging channels. Strategic collaboration with established ecosystems that already command strong reach in these segments on an ongoing basis will also be critical. These partnerships can help banks achieve the scale and depth needed to foster meaningful relationships with these segments.

By aligning their strategies with evolving customer expectations, leveraging technology, and building collaborative ecosystems, banks can position themselves as trusted partners for these nuanced segments, unlocking growth opportunities and securing long-term relevance in an increasingly competitive landscape. As we approach 2025, banks must continue investing in technology and digital platforms to create unique value for these segments, solidifying their role in a rapidly evolving financial ecosystem.

J.P. Morgan introduced a new service tier—J.P. Morgan Private Client—designed for customers with \$750,000 or more in deposit and investment balances, filling a gap between Chase Private Client and J.P. Morgan Private Bank. This tier provides tailored wealth management services while addressing a previously underserved segment.

Case-in-Point

Bancolombia is one of the largest banking groups from Colombia. Recognizing that blue-collar workers often need a small loan to tide them over at the end of the month when finances run low, Nequi, the digital bank of Bancolombia, introduced an end-of-month, pre-approved unsecured, digital loans micro loans. The Bank piloted a “Lifesaver Loan” from Nequi for amounts between COP 100.000 and COP 500.000, and a maximum repayment period of one month. The loan, which requires no documentation, co-debtors or guarantees, is credited within 5 minutes through the Nequi app.

Goldman Sachs partnered with Amazon to provide credit lines for small and medium enterprises (SMEs), seamlessly embedded within the Amazon marketplace. This collaboration highlights the growing trend of leveraging partner ecosystems to create value, offering business owners access to quick, scalable financing solutions integrated directly into the platforms they rely on daily.



Emerging Channels: Where Banking Meets Daily Life

Emerging channels in banking, while not new, are now witnessing significant adoption as advancements in technology and changing customer behaviors bring them into the mainstream. These channels, ranging from voice assistants and social messaging apps to IoT-enabled devices, offer banks new avenues to onboard, converse with, service, and sell to customers. To stay competitive, banks must closely monitor the growth and potential of these channels in the spaces that they operate, aligning their strategies to deliver meaningful customer engagement and drive long-term value creation.

Voice-based banking is emerging as a critical frontier, presenting a \$2.99 billion opportunity by 2028. This growth underscores the increasing acceptance of hands-free, conversational interfaces, marking a shift toward more intuitive and seamless customer interactions. In parallel, social commerce is transforming digital engagement, driven by an impressive compound annual growth rate (CAGR) of 31.6% from 2022 to 2030. This opens new opportunities for banks to engage customers, market products, and deliver services.

Wearables and IoT devices, a market poised to grow at 14.76% CAGR by 2030, are transforming transactional banking into frictionless, embedded experiences. ING's FINN-Banking of Things and BMW's in-car payment pilot exemplify how IoT can drive innovative, context-aware financial solutions.

The growing importance of these channels emphasizes the need for banks to adopt a robust omnichannel strategy. To capitalize on emerging opportunities, banks must identify where these channels align with customer

behaviors and expectations. Using real-time analytics and predictive insights, they can tailor services to meet specific needs, ensuring seamless and personalized experiences across touchpoints. For instance, social commerce platforms could evolve into sophisticated sales channels, while IoT-enabled devices facilitate autonomous, pre-configured payments.

In 2025 and beyond, banks must embrace emerging channels not as isolated touchpoints but as integral components of a holistic customer engagement strategy. This requires leveraging real-time data and predictive analytics to deliver hyper-personalized, context-aware interactions across platforms like voice assistants, IoT devices, and social ecosystems. By embedding financial services seamlessly into customers' daily lives and fostering partnerships with technology providers, banks can enhance convenience and relevance. However, these innovations depend heavily on access to sensitive personal data, necessitating robust privacy measures. To maximize customer engagement, banks must integrate privacy by design into their technology ecosystems, ensuring secure, seamless, and trusted services. Hence, prioritizing trust through transparent data practices and robust privacy frameworks will be critical to sustaining customer confidence.

Case-in-Point

TD Bank in Canada has successfully integrated Alexa to enable customers to inquire about TD products, locate ATMs and branches, check foreign exchange rates, and access contact information seamlessly. These capabilities demonstrate how banks can leverage voice technology to provide convenience and deepen customer relationships.



Union Bank of India is one of the largest public sector banks in India. The bank recently enhanced its digital presence with Union Virtual Connect (UVConn), offering 65 banking services in 7 languages via WhatsApp to over 487 million users. Additionally, Union Voice Assistant extends conversational banking by providing services through voice commands. This conversational platform not only enhances customer service but also offers opportunities for cross-selling products and generating new leads.

Hyper-connection: Leveraging Data and AI to Create Connected Customer Journeys

The [McKinsey Global Institute](#) estimates that across the global banking sector, [gen AI could add between \\$200 billion and \\$340 billion in value annually](#). As customers increasingly demand seamless, personalized experiences, leveraging AI and data platforms has become a strategic imperative, signaling a fundamental shift in how banks onboard, serve, and grow with their customers.

Building a hyper-connection is key with advanced AI tools enabling banks to offer unique and highly relevant value propositions to individual customers. For example, next-best-action models powered by behavioral analytics allow banks to recommend tailored financial products or services. These systems analyze transactional data and behavioral patterns to anticipate customer needs—whether it's suggesting an investment opportunity, offering a loan top-up, or creating a customized savings plan. Similarly, AI-driven dynamic pricing strategies allow banks to adapt fees and rates based on individual customer profiles. Behavioral segmentation is also unlocking new dimensions of customer engagement by enabling banks to target unique customer behaviors to enhance acquisition, deepen engagement, and drive business outcomes.

Omnichannel engagement through personalized, consistent and real-time interaction will be most critical. This will also provide banks with data from multiple touchpoints that can be leveraged to explore new and compelling ways of engagement.





Despite the promise, scaling AI initiatives presents challenges, including the need for robust data infrastructure, cohesive governance frameworks, and compliance with evolving regulations like the EU's AI Act. Transparent and ethical data practices are critical to preserving customer trust while balancing innovation with responsibility.

For banking CXOs, the imperative is clear: investing in advanced AI and data platforms is no longer optional but foundational to future success. These technologies offer the tools to redefine customer engagement in a cost effective manner, set new standards in building hyper-connect, and meet rising customer expectations in a rapidly evolving digital landscape. By investing in these technologies and integrating them effectively, banks can redefine their relationships with customers and set new standards for customer-centric banking.

Case-in-Point

Royal Bank of Canada (RBC) has developed NOMI Budgets, an AI-driven feature within its mobile app that simplifies budgeting for clients. NOMI Budgets analyzes individual spending patterns to recommend personalized budgets, helping clients manage their finances more effectively. This tool proactively suggests budget categories based on past spending, making financial management intuitive and tailored to each user's habits.



The Path Ahead

As we move toward 2025 and beyond, the future of customer engagement in banking will hinge on a platform-centric approach that redefines value creation. By addressing the distinctive needs of nuanced customer segments, leveraging emerging channels, and creating hyper-connections, banks can position themselves as integral to their customers' lives. Success will require scalable organizational capabilities, robust ecosystem partnerships, and the ability to adapt quickly through innovation—all while upholding data privacy as a cornerstone of trust. Banks that embrace this vision will be well-equipped to thrive in an increasingly dynamic and competitive financial landscape.



Why we exist

To inspire better banking so that billions of people and businesses can save, pay, borrow, and invest better.

How we do it

Our solutions and people help banks to engage, innovate, operate and transform better, so that they can improve their customers' financial lives, better.

What we offer

A comprehensive suite of industry-leading digital banking solutions and SaaS services that help banks engage, innovate, operate and transform better.

Finacle is an industry leader in digital banking solutions. We are a unit of EdgeVerve Systems, a wholly-owned product subsidiary of Infosys (NYSE: INFY). We partner with emerging and established financial institutions to help inspire better banking. Our cloud-native solution suite and SaaS services help banks engage, innovate, operate, and transform better to scale digital transformation with confidence. Finacle solutions address the core banking, lending, digital engagement, payments, cash management, wealth management, treasury, analytics, AI, and blockchain requirements of financial institutions. Today, banks in over 100 countries rely on Finacle to help more than a billion people and millions of businesses to save, pay, borrow, and invest better.



For more information, contact finacle@edgeverve.com

www.finacle.com

©2025 EdgeVerve Systems Limited, a wholly owned subsidiary of Infosys, Bangalore, India. All Rights Reserved. This documentation is the sole property of EdgeVerve Systems Limited ("EdgeVerve"). EdgeVerve believes the information in this document or page is accurate as of its publication date; such information is subject to change without notice. EdgeVerve acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. This document is not for general distribution and is meant for use solely by the person or entity that it has been specifically issued to and can be used for the sole purpose it is intended to be used for as communicated by EdgeVerve in writing. Except as expressly permitted by EdgeVerve in writing, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior written permission of EdgeVerve and/ or any named intellectual property rights holders under this document.