Where are US banks on their digital transformation journey?

The inside story from 245 senior US banking leaders

To better understand the state of digital transformation in US banking, we surveyed 240 senior American 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**

- **7%** Have a fully agile operating model.
- **70%** Are increasingly structured around products.
- **53%** Think their banks need to do more to appeal to digital native customers.
- **42%** Think their organization’s transformation is slow compared to their competitors.
The top priorities for digital business transformation in US banks are:

- Improving the customer experience: 22%
- Reducing costs through improved efficiency: 16%
- Growing revenue from existing products: 15%
- New customer acquisition: 15%
- Challenging the threat posed by new market entrants (e.g. Google, Apple, Amazon): 13%
- Growing revenue with new products and/or service offerings: 11%
- Enabling greater agility: 7%

The three main barriers to digital transformation are:

- COVID-19: 33%
  - claimed the pandemic has been their biggest barrier for transformation, with 49% highlighting how it also revealed weaknesses in their organization’s customer experience.

- THE FAILURE OF PAST DIGITAL INVESTMENTS: 31%
  - said their biggest transformation barrier is the failure of past digital investments, though 52% admitted the need for change, citing increased customer demand.

- OPERATIONAL AGILITY: 30%
  - ranked operational agility as their no. 1 barrier. Although only 26% are making developing agile capabilities a priority.
US banks are focusing on customer-centricity

Banks are using a broad range of measures to better understand their customers and use customer data to fuel decision making.

- **31%** are putting community engagement at the center of their customer experience transformation.
- **31%** said that developing new products and services is their key strategy for improving customer experience.
- **30%** ranked operational agility as their no.1 barrier. Although only 26% are making developing agile capabilities a priority.

Tech over talent

Nearly half of US bank leaders say their organization is more likely to prioritize investment in technology over talent development.

- **31%** are focusing on new talent development and intelligent technologies, with 28% of banks citing a lack of workforce skills or willingness to embrace change as their biggest transformation barrier.

How do US banks think they stack up?

- **50%** think they’re behind their peers in all aspects of digital transformation.
- **33%** think they’re ahead of the competition in optimizing the customer experience.
ESG is driving investment

Environmental, Social and Governance (ESG) is a key priority for US banks, but accessing the necessary data remains a challenge.

- **DIGITAL TRANSFORMATION**
  - 55% said that ESG is driving their digital transformation plans.

- **STRATEGY**
  - 51% think their ESG strategy is giving them a competitive advantage.

- **PERFORMANCE**
  - 44% don’t have the data, capabilities or processes to properly assess their ESG performance.

US trails the rest of the world on diversity

Just 22% of US bank leaders said their organization had made DE&I commitments, lower than every other country.

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