

2025 Trends

The Future of Banking



How the financial services industry will change in 2025

Introduction

We spoke to senior figures from the likes of AWS, Google, GFT, and 10x Banking to get their take on how the financial services industry will change in 2025.

They told us the future of banking lies in overcoming legacy system constraints, using generative AI for faster, cheaper migrations, and addressing customer demands for real-time, personalized experiences. There is an opportunity for emerging markets like Africa to leapfrog traditional banking models, using AI to innovate faster than more developed regions.

More than ever, we find ourselves in a dynamic and evolving sector. Read on for all the insights we gathered.





Antony Jenkins,
Founder and CEO at 10x Banking

The financial services sector is still navigating an era of transformation defined by strategic innovation and an emphasis on customer needs.

Over 2025 I foresee these to be the defining trends of the industry:

Technology stack migration and the role of AI

The banking industry is facing a monumental challenge: the need to modernize technology stacks while reducing operational costs and improving customer service. For mid-market and mutual banks, and building societies this challenge is especially pressing. These financial institutions often operate with complex legacy systems that are not only costly to maintain but also slow to innovate. However, the convergence of generative AI (Gen AI) and technology migration offers a promising solution—one that can streamline the transition to more efficient, real-time, and customer-focused banking platforms.



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Gen AI: streamlining migration and reducing costs

One of the most compelling advantages of Gen AI is its ability to analyze and decode the complexities of legacy systems, creating migration paths and validating them with greater accuracy and affordability. The partnership between 10x and DLT Apps highlights this potential, showcasing how AI-driven tools can help banks overcome the often-overwhelming task of upgrading or replacing outdated systems. Yet, despite the promise of AI, only 32% of banks are currently utilizing AI at the core of their operations, according to our [recent research](#), which leaves significant room for progress.

Developers can greatly benefit from AI during the migration process, as it reduces the risk of costly errors and provides a clearer path forward. This ability to streamline migration could significantly reduce the costs associated with these transitions, making them more manageable for institutions operating on tighter budgets. Ultimately, this will lower costs, improve efficiency, and allow for a more successful migration—a crucial consideration as banks look to stay competitive.

Reducing cost-to-income ratios

As financial institutions strive to remain competitive, reducing cost-to-income ratios has become a critical focus. In an era where customers are demanding more for less—expecting zero fees on international transactions, better returns on savings, and seamless, frictionless banking experiences—banks need to find ways to deliver value without incurring additional costs. A successful migration to a modern tech stack, underpinned by AI, is a strategic lever that can help banks lower their cost base.

Moreover, the banking landscape is evolving as customer expectations shift. Consumers no longer want to wait days for transactions or struggle with inefficient systems. Real-time capabilities are becoming a baseline expectation, and banks must respond. Real-time banking infrastructure is not just a competitive advantage—it is quickly becoming a necessity. By migrating to more agile, real-time technology stacks, banks can improve their responsiveness to customer needs, whether it's fraud detection, customer service inquiries, or offering personalized financial products.



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AI-ready data: the foundation for success

A major roadblock for AI adoption in banks is the lack of clean, integrated, and real-time data. At present, much of the data banks collect is disorganized and requires significant time and effort from data scientists to clean and prepare it for analysis. Without AI-ready data, the potential of generative AI to revolutionize banking operations remains largely untapped. To fully capitalize on AI's capabilities, banks will need to ensure that the data within their core systems is clean, integrated, and actionable.

Consider, for example, the implications of AI in fraud detection or marketing optimization. If a bank's AI model detects a potential fraud attempt, having access to real-time, accurate data would allow the system to respond immediately, potentially saving the bank from a significant loss. Similarly, if AI identifies an opportunity for targeted marketing, the ability to act quickly could provide a competitive edge. The need for AI-ready data is thus critical, and banks will have to prioritize transforming their core systems to make their data not only accessible but usable for AI applications.

The global opportunity: growth in Africa and APAC

As the banking industry looks to modernize, high-growth regions such as Africa and Asia-Pacific (APAC) present unique opportunities. Many banks in these emerging markets are not as encumbered by complex legacy systems as their counterparts in more developed regions like the UK or US. This gives them a distinctive advantage as they seek to leverage AI to modernize and capitalize on new technologies. In Africa, for example, the banking sector is playing a crucial role in driving societal progress. By facilitating access to capital, banks are supporting the growth of key sectors like agriculture, thereby contributing to broader economic development.

Take Old Mutual in Africa, for instance. By implementing AI and upgrading its technology stack, the institution has been able to streamline operations, improve customer engagement, and expand its market share in the region. As banks in these regions look to build on the momentum of their early digital transformations, they are poised to leapfrog legacy systems and deploy real-time, AI-driven banking platforms faster than many of their counterparts in the West.



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Katherine Yeung, Chief Risk Officer at 10x Banking

As we head into 2025, the banking regulatory landscape is evolving rapidly, driven by technological advancements and increased scrutiny. I expect key focuses to include strengthening operational resilience and cybersecurity, advancing consumer protection, and developing robust AI governance.

Operational Resilience and Cybersecurity

Recent global incidents, such as the major IT outage affecting 8.5 million Windows systems, highlight the potential magnitude of such disruptions. These incidents highlight the importance of operational resilience and supplier management. Regulators aim to ensure financial institutions can withstand and swiftly recover from disruptions.

In response to these challenges, recent years have seen a significant increase in the number of regulations introduced globally to bolster operational resilience and cybersecurity. This trend has been particularly notable from 2023 onwards, with more regulations expected to be introduced in 2025.

Cybersecurity remains critical due to increasingly sophisticated threats from AI-augmented attacks and ransomware campaigns. High-profile attacks highlight the need to protect sensitive customer data to maintain trust. Key regulations such as the UK's Cyber Security and Resilience Bill, the EU's DORA, Australia's Cyber Security Act, and South Africa's Joint Standard on Cybersecurity will come into force in 2025, with additional cybersecurity bills expected to be introduced in 2026.



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Advancing Consumer Protection

Globally, 2025 will see intensified focus on consumer protection, emphasizing enhanced transparency, fair treatment, and robust data security measures to build trust. Initiatives such as the EU's PSD2 and Australia's Consumer Duty Right (CDR) exemplify this shift, ensuring banks prioritize customer interests and data security.

Developing Robust AI Governance

Robust AI governance will also be a key regulatory trend in 2025. As banks leverage AI for risk assessment and customer service, new regulations will address ethical AI use, focusing on transparency, bias mitigation, and accountability. The upcoming EU Artificial Intelligence Act and APAC's evolving digital finance regulations aim to set stringent standards for AI development and deployment, ensuring responsible and ethical use.

Heightened Geopolitical Tensions and AML Regulations

With rising geopolitical tensions and stricter AML regulations, enhanced sanctions are anticipated. This will require increased vigilance and compliance from financial institutions.



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FROM OUR PARTNERS

Pradeep Dhananjaya,
Tech lead, Banking Market Development Team,
AWS



Looking ahead to 2025, the banking industry is set for a transformative year. The adoption of Generative AI (GenAI) and AI/ML to improve customer experiences is emerging as a top trend. This includes integrated ecosystem-based offerings where banking services are being made available at the point of need which leads to providing hyper-personalized banking experiences.

When it comes to customer experience, banks are increasingly leveraging AI to offer hyper-personalized services. GenAI-powered chatbots are being deployed to handle complex customer queries, providing comprehensive responses drawn from multiple sources. These advanced systems are capable of offering tailored recommendations for loans or cards, based on real-time analysis of customer behavior and preferences. For instance, organizations like NatWest are at the forefront, utilizing AI/ML and GenAI on AWS to craft personalized customer experiences that are both intuitive and responsive. With back-office operations, we are seeing banks invest in AI/ML or GenAI capabilities to improve employee productivity and streamline processes such as Anti-Money Laundering (AML) or Know Your Customer (KYC) checks or to support credit decisioning processes.



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Furthermore, the banking sector is witnessing transformation towards modernization, with GenAI playing a crucial role in enhancing and improving legacy core modernization efforts with some customers using GenAI in processes such as automated code analysis, documentation of legacy platforms, code refactoring, and the design of microservices for modern platforms.

Another trend is the rise of embedded finance and open banking, where banks are providing their services through APIs and developing real-time middle office processing capabilities. This allows banks to partner with organizations and integrate financial services seamlessly into traditional customer journeys. Here, banks are adopting a strategy to embed finance capabilities where partners can act as an extended bank channel and thereby resulting in lower customer acquisition cost along with gaining a larger share of digital customers.

**FROM OUR PARTNERS****Alpesh Tailor,**
Executive Director, GFT**GFT** ■

The corporate banking revolution begins at the core

Core transformation holds the potential to redefine corporate banking by upgrading legacy systems to modern, flexible digital platforms. Corporate banking has long trailed behind retail and SME segments in digital innovation, largely due to the complexity of its core systems and the interdependence on outdated, monolithic architectures. Yet tides are beginning to turn, and a raising wave of transformation is building up.

With new-generation core banking systems, banks can streamline operations, enabling faster transactions, real-time data visibility, and improved risk and compliance management. The shift to cloud-native, API-ready systems supports scalability and customization, allowing corporate banks to offer services tailored to the needs of complex financial clients.

As corporate banks embrace core transformation, they unlock greater efficiency through the use of AI and data, resulting in seamless onboarding, accelerated credit decisions, and personalized client experiences. Additionally, integrating fintech solutions enables banks to enhance cash management, liquidity, and credit risk monitoring in a cost-effective way. By adopting an agile approach to modern core infrastructure, banks not only keep up with fintech competitors but also future proof their corporate offerings to scale with emerging demands.

At GFT we have been helping banks transition to modern core banking infrastructures for almost a decade. Our experience shows that in this evolving digital landscape, core transformation empowers corporate banks to drive product innovation and position themselves as strategic partners, shifting from traditional service models to holistic solutions. Our recommendation for corporate banks engaging in this transformation journey is to enable a dual-core architecture - which might later evolve towards a full migration, to put in place end-to-end digital ecosystems.



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**FROM OUR PARTNERS**

Sudheer Padiyar,
Senior Vice President, Regional Head -
EMEA & Global Head - Ecosystem, SunTec

SunTec®

As we approach 2025, core augmentation is set to become an indispensable catalyst for banks grappling with the demands of digital transformation. Faced with soaring customer expectations, intensifying regulatory scrutiny, and the relentless pace of fintech innovation, financial institutions are under pressure to evolve with agility and scale.

SunTec believes that these four pivotal trends will redefine the banking landscape and drive strategic shifts across the industry:

Ecosystem development – expansion into platform economies

By 2025, banks are expected to expand modular composable architectures, increasingly adopting platform ecosystems that enable broader business collaborations, especially with fintechs and non-banking entities. These platforms will enable seamless integration of third-party services, allowing banks to offer enhanced value propositions without building every service internally. An EY survey pointed out that over 94% global technology financial leaders believe that a financial product's success hinges on its ability to meet customers' real-time needs. As competition intensifies, the ability to orchestrate diverse partners within a cohesive ecosystem will be a strategic differentiator for institutions looking to remain relevant.

Product, pricing, and proposition – hyper-personalization at scale

In 2025, customers will expect hyper-personalized financial products, delivered in real time and tailored to their specific needs. Banks will leverage AI and machine learning to offer more dynamic pricing models and customized bundles based on customer behavior and market conditions. In fact, according to a survey, 53% of customers said they would switch FSIs if services felt impersonal. Augmentation of the core with specialized pricing and proposition platforms will be essential for delivering these personalized experiences.

Governance and compliance – automated regulatory adherence

A Thomson Reuters survey suggested that 45% of respondents did not monitor cost of compliance. Further, they cited managing cost pressures and balancing competitive and compliance demands as a challenge. With regulations becoming increasingly stringent, 2025 will see banks relying more heavily on automated governance and compliance solutions. These solutions, integrated as part of the core augmentation strategy, will help financial institutions manage regulatory changes swiftly while minimizing operational risks. The use of AI-driven tools for real-time compliance monitoring will allow banks to focus on innovation while ensuring they remain compliant with evolving global regulations.

AI-enhanced operational excellence – evolving core functions

Banks are gradually adopting AI to improve operational efficiency, particularly in areas like revenue management and risk mitigation. A Deloitte report indicates that successful innovators (FIs) have the potential to improve their cost-to-income ratio by 5-15% over the next five years. For instance, by incorporating AI for real-time anomaly detection in transactions, institutions can begin to proactively identify and address irregularities, which may help reduce frauds, disputes, and strengthen risk governance. However, this evolution won't happen overnight; it will unfold gradually as banks integrate these technologies into their operations. This shift toward internal transformation is likely to enhance the resilience of banking operations, with predictive analytics and automation playing key roles. Ultimately, this evolution could lead to improved workflows and a stronger foundation for client-facing services.



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**FROM OUR PARTNERS****Anil Saboo,**Director, Global Industry ISV Partnerships,
Google**Google**

The year 2025 will likely be a tipping point for AI in banking, unleashing a wave of disruption that could reshape the industry as we know it. While some of this will be incremental, I also foresee some pretty significant shifts. Here's why:

Hyper-personalization becomes the new normal

AI won't just personalize; it will hyper-personalize. Imagine robo-advisors that don't just recommend investments but understand your emotional connection to money and adjust strategies accordingly. Think chatbots that act as your 24/7 financial coach, anticipating your needs before you even articulate them. This is the level of intimate; tailored service AI could enable.

Fraud detection becomes a force field

AI will evolve from detecting fraud to actively preventing it. By analyzing massive datasets in real time, AI can identify and neutralize threats before they even materialize, creating an invisible shield around your finances.

Risk management gets a superhuman upgrade

Lending decisions will become lightning-fast and incredibly precise as AI crunches data with an accuracy that surpasses human capability. This means faster loan approvals, fairer credit scoring, and a more efficient financial system for everyone.

Customer support transcends human limitations

Say goodbye to long wait times and frustrating call center experiences. AI will liberate human agents from mundane tasks, allowing them to focus on complex issues and deliver truly exceptional service.

This is not just about efficiency

It's about fundamentally changing the relationship between customers and their banks. AI will empower customers with unprecedented control, transparency, and personalized attention, ushering in a new era of financial empowerment. Banks that fail to embrace this transformation risk being left behind.



FROM OUR PARTNERS

Chris Dickin,
Senior Vice President,
Global Ecosystem Strategy, Zafin



As AI evolves, financial institutions must reimagine human-machine collaboration within a platform-driven economy.

Human-Machine Collaboration in Financial Services

As AI evolves, financial institutions must reimagine human-machine collaboration within a platform-driven economy.

By embracing AI to augment human ingenuity, banks can streamline routine tasks, gain deeper operational and market insights, and deliver highly personalized products that extend beyond traditional financial services. As financial institutions move from siloed offerings to ecosystem-based packages—integrating banking, insurance, and complementary services—AI becomes an essential enabler of responsive, customer-centric innovation.

Zafin’s platform approach empowers institutions to orchestrate personalized propositions for their customers, leveraging AI-driven insights to identify needs and opportunities across a broad suite of financial and non-financial services. Whether it’s bundling a current account with discounted insurance policies, embedding wealth management advice, or offering niche digital subscriptions, Zafin’s solutions tap into cross-industry ecosystems to create meaningful, differentiated value for customers.

Rather than simply automating back-office functions to improve operational efficiency, Zafin's AI capabilities paint a picture of the future by enhancing decision-making in product design. For example, the platform can sift through vast data sets and emerging market signals to recommend tailored bundles that match a customer's financial profile, lifestyle preferences, or life stage needs. With these insights, relationship managers can spend less time on low-value tasks and more time developing strategic, trust-based customer relationships—offering guidance on complex financial decisions, navigating regulatory considerations and building long-term loyalty.

Human-machine collaboration in this ecosystem-driven era ensures that while AI handles data-intensive analysis and continuous market calibration, human judgment remains central in shaping holistic product portfolios and managing relationships. Investing in workforce training and cultivating a culture of co-creation between AI systems and employees are critical to sustaining innovation, adaptability, and relevance.

By blending AI's computational power with human creativity and empathy, financial institutions can not only optimize their operations but also reshape their value propositions. Zafin's platform approach transforms financial service providers into ecosystem orchestrators, delivering next-generation experiences. The result is an intelligent and customer-centric environment, where AI and human expertise work in harmony—driving growth, deepening trust, and forging enduring value.



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Conclusion

The road ahead: a critical shift for banks

In conclusion, the path toward technology stack migration for banks is clear: the future lies in AI-driven modernization. While many banks are still in the early stages of integrating AI into their core operations, the potential benefits of migration—lower costs, improved customer service, and enhanced competitiveness—are undeniable. However, to fully unlock these advantages, banks must ensure that their data is ready for AI applications, which will require significant investment in data integration and cleaning efforts. As customer expectations evolve and financial pressures mount, the shift toward real-time, AI-powered banking will be essential for survival.

For banks in high-growth regions like APAC and Africa, this shift presents a unique opportunity to leapfrog their more established counterparts, leveraging modern technology to deliver customer-centric services that drive both societal and economic progress.

The race to modernize is on, and banks that embrace AI-driven transformation will be the ones best positioned to thrive in the future of banking.



About 10x

10x

10x Banking is a cloud-native core banking platform for financial institutions. Founded by former banking executives and built by technologists, the 10x Banking platform empowers its customers with best-in-class security, scalability, and speed.

Proven across transformational deployments including Chase Bank, Old Mutual and Westpac, 10x Banking offers banks the fastest, most cost-effective and derisked path to full cloud-native transformation through its unique “meta core” approach. Its scalable, resilient, and flexible technology is built to empower financial institutions to better serve their customers and communities. 10x Banking is a B-Corp certified business with offices in London, UK and Sydney, Australia, and is funded by a portfolio of world-class investors including BlackRock and J.P. Morgan.

Clients



...and many others

Investors



Book a demo today

Learn more about how the 10x Banking platform and meta core technology can help you towards transformation

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