



# 2025 State of digital banking transformation in retail banking

Banking leader insights on accelerating digital retail banking



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## Executive summary

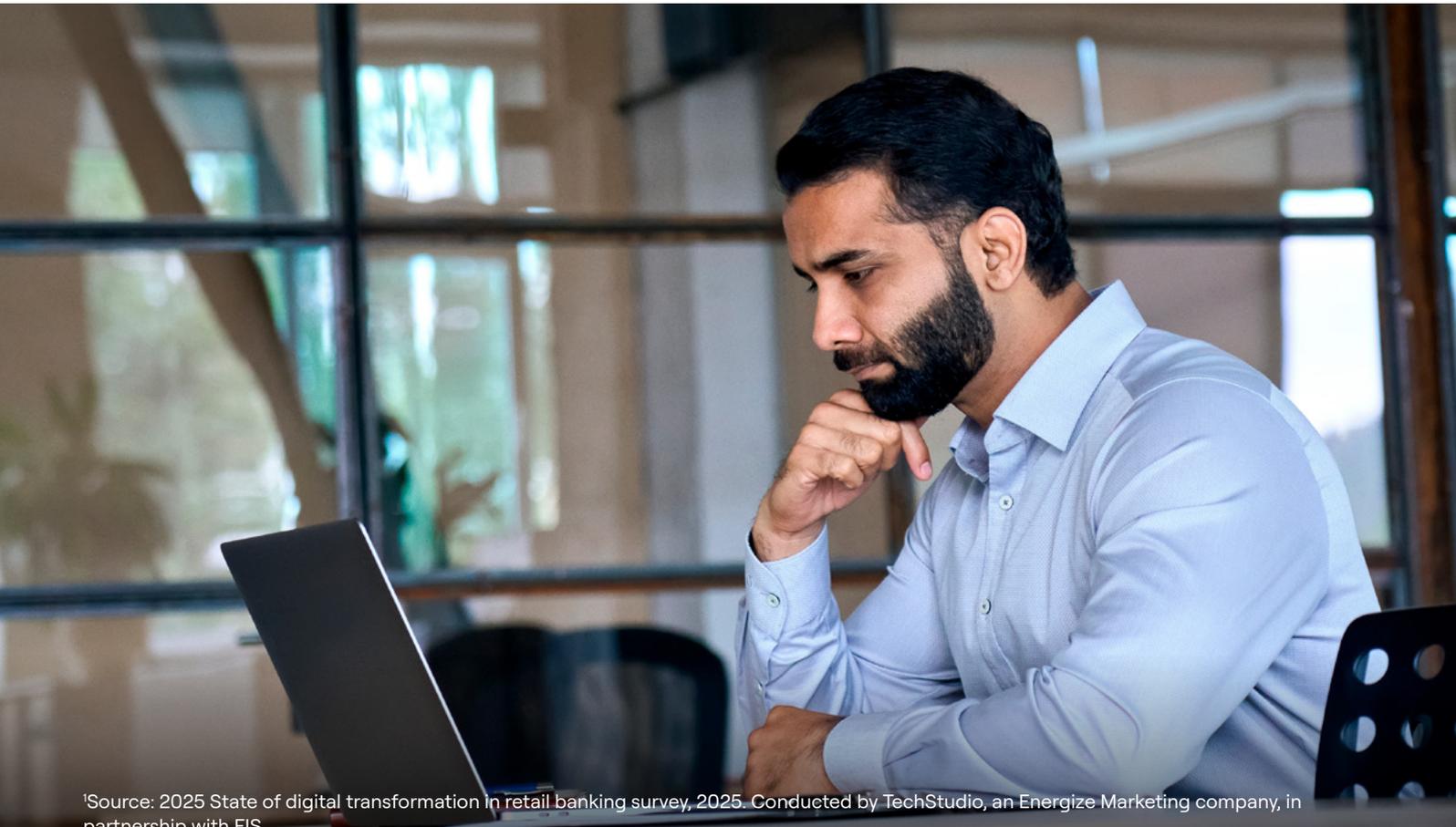
Retail banking leaders are navigating a period of accelerated change. As customer expectations rise and technology evolves, many institutions are shifting from incremental improvements to more strategic, integrated transformation. Those that hesitate risk losing ground to more agile competitors delivering truly customer-first experiences. New research from TechStudio™, an Energize Marketing® company, in partnership with FIS®, reinforces that digital transformation is no longer aspirational; it's a near-universal priority.

The [2025 State of digital banking transformation in retail banking survey](#), conducted in April 2025 with 300 banking executives at large financial institutions and regional and community banks across North America, reveals how modernization has become essential to strategy, execution, and competitiveness.<sup>1</sup> According to respondents, seamless digital services and AI adoption are now central priorities. All respondents reported having invested in cloud infrastructure and plan to expand those investments in 2025. More than two out of five banks already run over 75% of their operations in the cloud. Even amid economic and political uncertainty, many banks are increasing investment in technology infrastructure to support both near-term priorities and long-term transformation goals.

There are many paths to digital modernization. Institutions vary in their priorities for getting there. But when asked about generative AI, every survey respondent recognized its significance in executing their institution's digitization plans, rolling out new services, and improving the customer experience.

The survey clarifies not only where banks are headed but also illuminates what customers are demanding: a total experience in banking that blends digital-first convenience with the human touch that has distinguished regional and community banks since their inception. The results highlight the importance of transforming with purpose, using customer needs and business goals as guiding stars. Even the most advanced banks recognize the value of selecting a trusted, experienced fintech partner who combines reliability with innovation to support a modular, future-ready strategy.

<sup>1</sup>Source: 2025 State of digital transformation in retail banking survey, 2025. Conducted by TechStudio, an Energize Marketing company, in partnership with FIS.



## Key findings<sup>2</sup>

Digital transformation is no longer a future ambition. It's a current strategic priority, with many banks accelerating innovation across cloud, AI, and customer experience.

All institutions are using cloud infrastructure today, with plans to expand in

2025

70%

plan to expand person-to-person (P2P) payment offerings

Every bank is exploring or implementing generative AI within the next

12 months

68%

of banks will increase their tech infrastructure budget this year

98%

re considering marketplace capabilities within their digital banking platforms



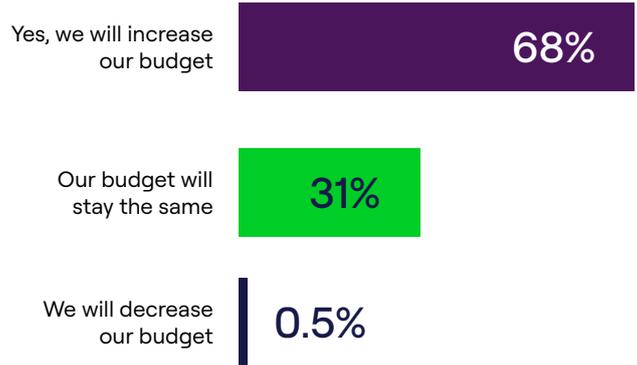
<sup>2</sup>Source: 2025 State of digital transformation in retail banking survey, 2025. Conducted by TechStudio, an Energize Marketing company, in partnership with FIS.

# Follow the money: Infrastructure spending signals commitment

Budget trends offer one of the clearest indicators of strategic commitment. Over two-thirds of banking executives surveyed (68%) plan to increase their tech infrastructure spend this year, while the remaining third intend to maintain current levels.

This momentum reflects a broader push toward scalable infrastructure, continuous innovation, and readiness for AI and cloud-driven transformation. According to the survey, these investments are intended to support both immediate operational needs and long-term digital banking capabilities, while also addressing rising customer expectations and expanding regulatory requirements.

## Will you increase your tech infrastructure spend this year?



# Real-time or bust: Cloud is now the foundation

Customers increasingly expect real-time banking as a standard feature. To meet these expectations, banks need infrastructure that delivers uptime, agility, and responsiveness on demand.

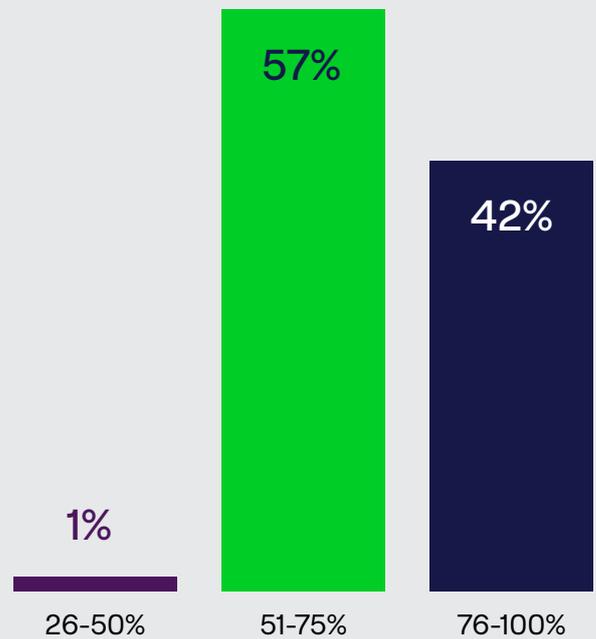
The survey data highlights that cloud adoption among respondents is universal. Every surveyed institution has already moved a portion of its operations to the cloud, with plans to further expand in 2025. This foundational shift can enable faster service delivery, operational efficiency, and scalable growth.

Cloud maturity is rising. Among respondents, nearly 60% of banks report that 51%-75% of their operations currently run in the cloud. Another 42% have gone even further, with 76%-100% of their systems operating in cloud environments. This move from partial to large-scale deployment reflects a shift toward more flexible and extensible digital architectures that can support innovation at speed.

Do you currently have any operations/technology in the cloud?



What percentage of operations/technology are currently running in the cloud?



# Customer expectations: What services matter most

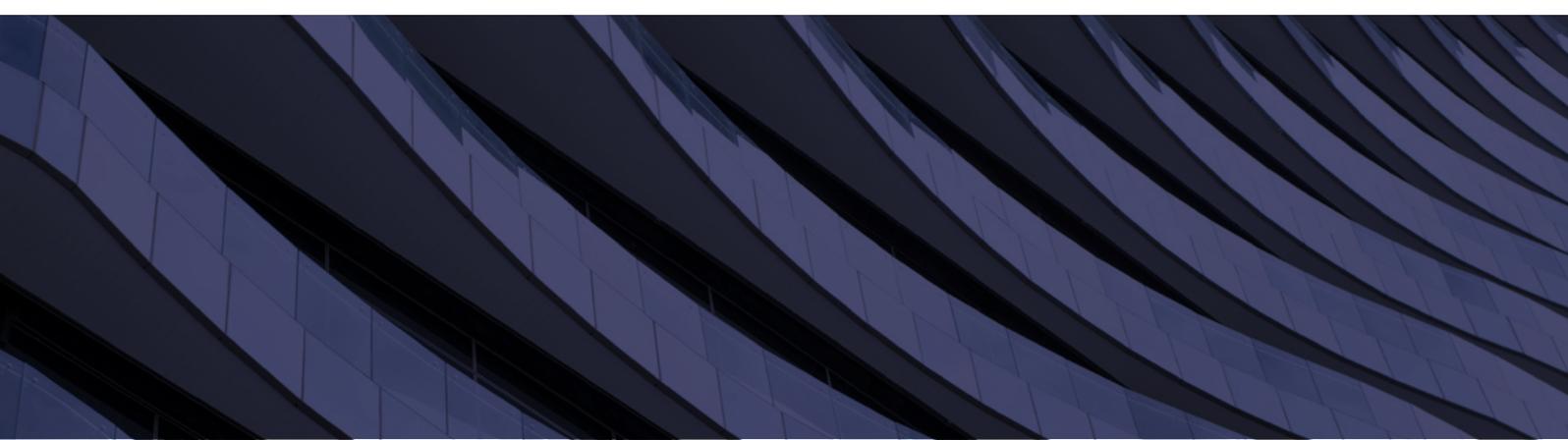
Retail customers expect more than convenience. They want personalized, responsive services that feel tailored to their financial lives. Survey findings show that targeted marketing ranked highest, with 24% of banking executives saying their customers prioritize it first. Financial wellness tools (23%) and live chat support (22%) followed closely behind.

Services like real-time payments were consistently ranked throughout the list, suggesting broad relevance even

if not always named as the top priority. Small business capabilities, loyalty and rewards programs, and financial wellness features made up the mid-tier of interest. This further highlights opportunities for banks to differentiate through bundled offerings and smarter digital engagement.

These insights help banks prioritize digital investments that align with evolving customer expectations for proactive, personalized experiences.

## Of the following banking services, which are your retail customers interested in?



# Bridging expectations and action: What banks are building now

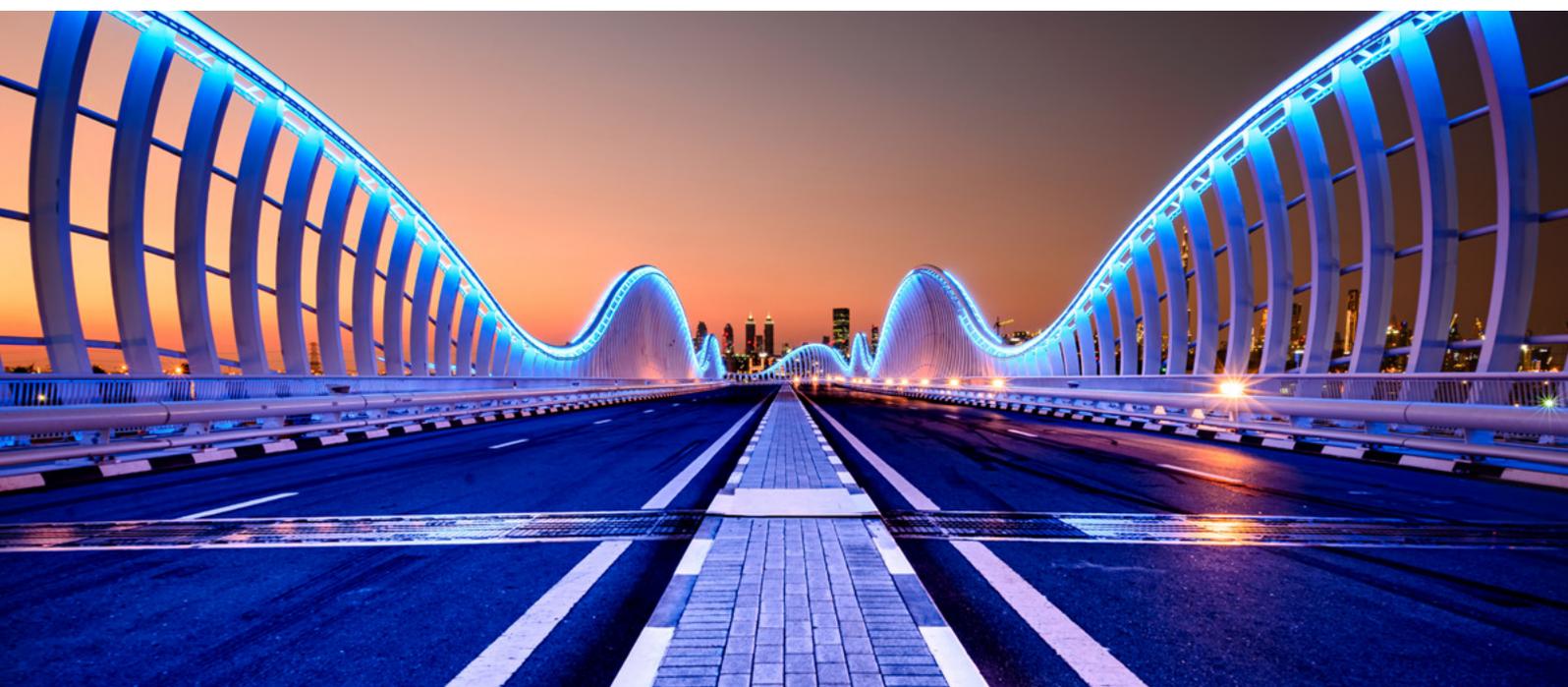
Banks are actively aligning their digital roadmaps with evolving customer preferences. While customer expectations are clearly shifting toward personalization and wellness, the survey reveals how institutions are prioritizing specific features in their near-term plans.

Digital chat experiences top the list, with 56% of executives currently evaluating solutions and another 16% having already deployed them. Marketing offers are also gaining traction, with 45% in the market for a

solution and 22% already in place. Financial wellness capabilities, though slower to roll out, show strong momentum ahead: 50% of respondents say they are planning to evaluate tools in this category, on top of the 31% already looking now.

These trends confirm that the surveyed banks are working to meet rising expectations by expanding personalization, proactive guidance, and real-time support across their digital platforms.

Of the following banking services, which are included in your retail digital banking plans?



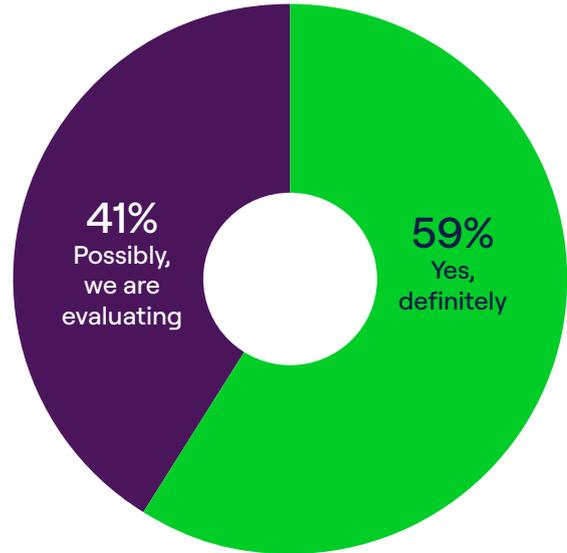
# AI in retail banking: From exploration to execution

Artificial intelligence is now a top priority in retail banking for surveyed banks. Every bank surveyed indicated it is either implementing or evaluating generative AI, signaling that AI has moved from future consideration to current strategy. Nearly 60% plan to deploy it within the next 12 months, while others are actively shaping their adoption plans.

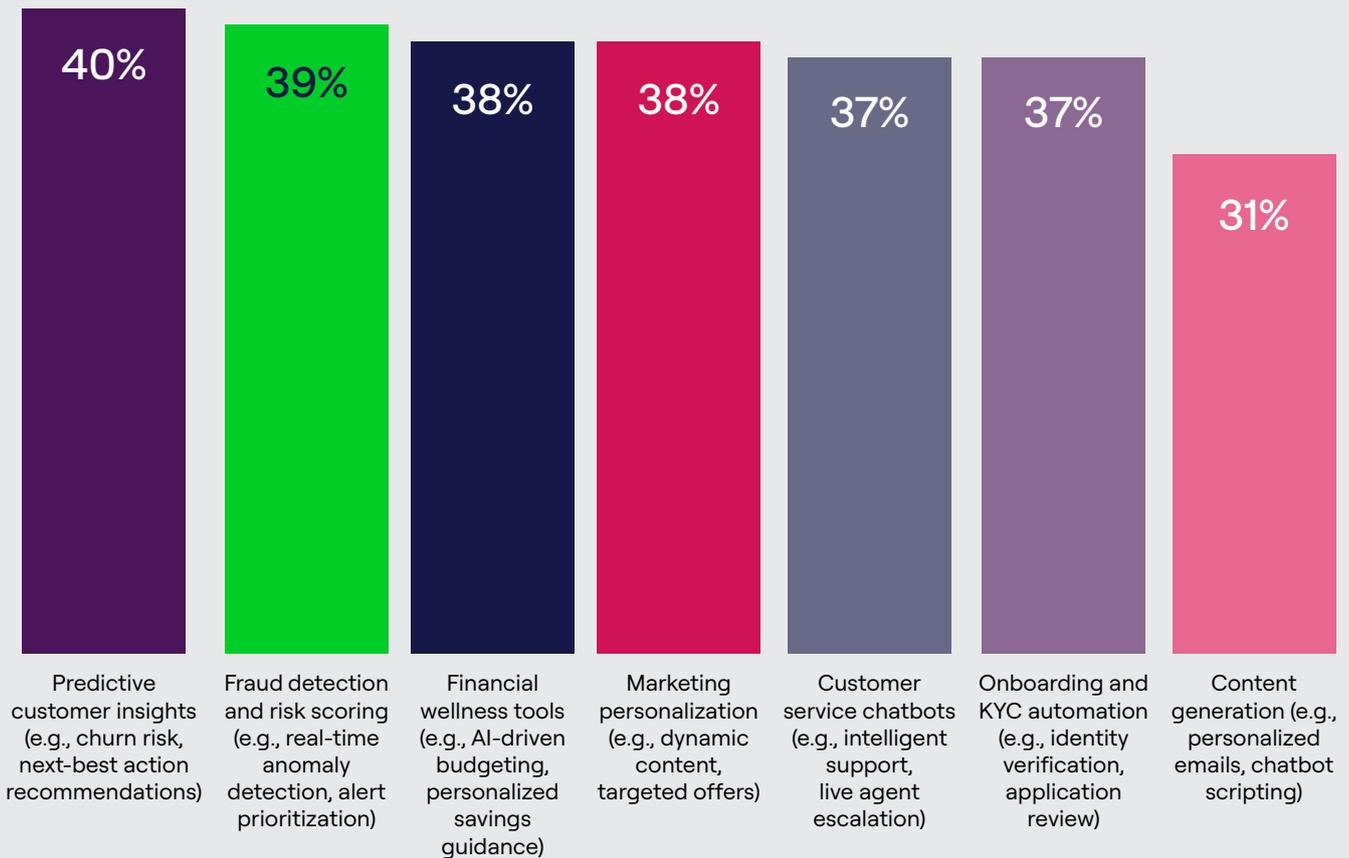
Top AI use cases focus on improving customer experience and efficiency. Predictive insights like churn risk and next- best actions lead at 40%, followed by fraud detection (39%), and both financial wellness tools and marketing personalization at 38%.

Banks are prioritizing AI use cases that enhance customer experience and efficiency. Predictive insights lead at 40%, followed by fraud detection (39%), with financial wellness and marketing personalization close behind at 38%.

Do you plan to incorporate any generative AI solutions in the next 12 months?



Which areas are you considering for generative AI adoption?



Executives participating in the survey emphasized the ability of AI to improve service responsiveness, enhance fraud defenses, and power smarter financial planning.

For many, AI offers a direct path to delivering experiences that are more personal, secure, and convenient — and doing so at scale.

"AI chatbots understand natural language better, making support faster and giving customers better help anytime."

– Head of Product and Profitability, Regional & Community Bank, U.S.

"AI forecasts customer cash flow and suggests the best time to pay bills, helping avoid late fees and manage money better."

– Head of Retail Banking & Client Relations, Regional & Community Bank, U.S.

"Real-time credit monitoring sends instant alerts, keeping customers safe from fraud."

– Head of Marketing Communications, Regional & Community Bank, U.S.

As banks sharpen their focus on customer experience, efficiency, and innovation, AI is emerging as a unifying technology. It helps connect strategy with execution, enabling institutions to adapt faster, serve smarter, and remain competitive in a rapidly evolving digital banking landscape.

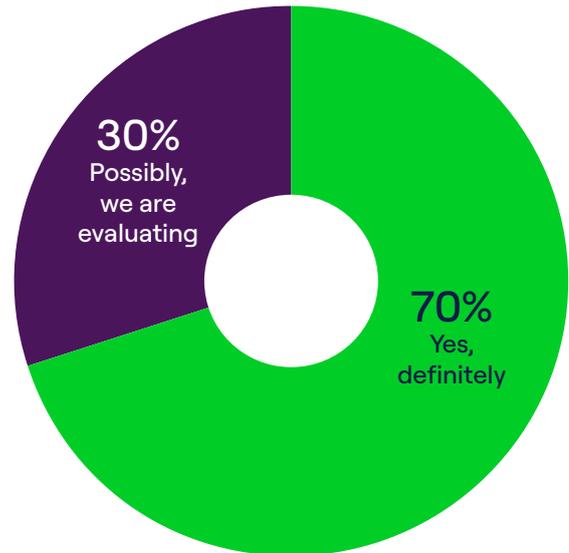


## Expanding payment innovation: The rise of P2P solutions

Person-to-person (P2P) payments are evolving quickly. The research reveals strong momentum among banks to move beyond traditional offerings like Zelle. A full 70% of surveyed institutions say they are planning to expand their P2P payment options, while the remaining 30% are currently evaluating their approach.

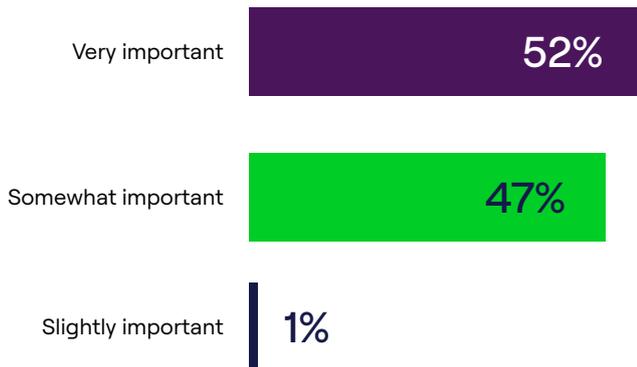
This shift reflects a broader commitment to customer-centric innovation. As retail customers demand faster, more flexible ways to send and receive money, many banks are responding with expanded payment capabilities that enhance convenience, drive engagement, and help build competitive differentiation.

Do you plan to offer person-to-person (P2P) payment solutions to your customers beyond Zelle?



## Serving the underserved: SMB banking as a strategic priority

How important is expanding business banking capabilities for sole proprietors and small businesses currently in your retail base?



Banks are placing a strong strategic focus on small business customers, according to the survey results. Nearly all respondents (99%) say that expanding business banking capabilities for sole proprietors and SMBs is important, with 52% identifying it as very important. These findings reinforce the growing need to serve SMBs with more robust digital tools, embedded services, and flexible financial solutions.

As banks modernize their retail platforms, supporting SMBs is emerging as a clear differentiator. Delivering value to this segment requires more than transactional services. It calls for integrated digital experiences that reflect the complexity and agility of modern small businesses, and banks are responding.



# SMB banking reimaged: Capabilities that matter most

Survey findings suggest that banks are reimaging the way they serve small businesses. Gone are the days when basic checking accounts or simple lending options were enough. Many respondents reported that today's small business customers expect fast, intuitive, and connected digital experiences that rival those offered to large enterprises.

Survey respondents highlighted a broad range of high-demand capabilities designed to help small businesses operate more efficiently and grow. These include digital onboarding, invoicing tools, working capital loans, cash flow forecasting, payment acceptance, and expense management. Many executives also cited interest in payroll automation, virtual cards, and customizable dashboards that can integrate with ERP, CRM, and accounting platforms.

Flexibility and automation emerged as critical priorities. Capabilities like recurring billing, document e-signing, secure backups, and AI-powered compliance are viewed as essential to building scalable and secure SMB banking platforms.

As expectations rise, respondents indicated that banks are shifting from transactional support to offering full-service ecosystems to help small businesses thrive. This transformation often includes integrated infrastructure, embedded financial tools, and smart digital workflows tailored to the evolving needs of small business customers.

## What specific small business capabilities are you interested in for your customers?

### Customer experience & support

"Live chat support and personalized shopping experiences will attract more customers."

– Branch Service Head,  
Large Financial Institution, Canada

### Security & compliance

"Fraud detection continues to evolve to catch new tactics used by cybercriminals."

– President and CEO, Regional and  
Community Bank, U.S.

### Automation & workflow

"Automated workflows help businesses do tasks faster and with fewer mistakes."

– Regional Chief Executive Officer,  
Regional and Community Bank, U.S.

### Analytics & insights

"Customer Lifetime Value tracking helps businesses identify their most valuable customers."

– President and CEO, Regional and Community Bank, U.S.

### SMB lending & finance

"AI checks extra data such as utility bills to judge loan risk, helping more people get fair offers."

– Vice President, Digital and Ecosystem,  
Large Financial Institution, U.S.

### APIs & integration

"Banks offer seamless integration with digital wallets to make payments faster and easier."

– Executive Vice President and COO,  
Regional and Community Bank, U.S.

### Digital banking tools

"Customers have more control over their data privacy settings with user-friendly digital banking tools that empower them."

– Head of AMI Innovation,  
Large Financial Institution, U.S.

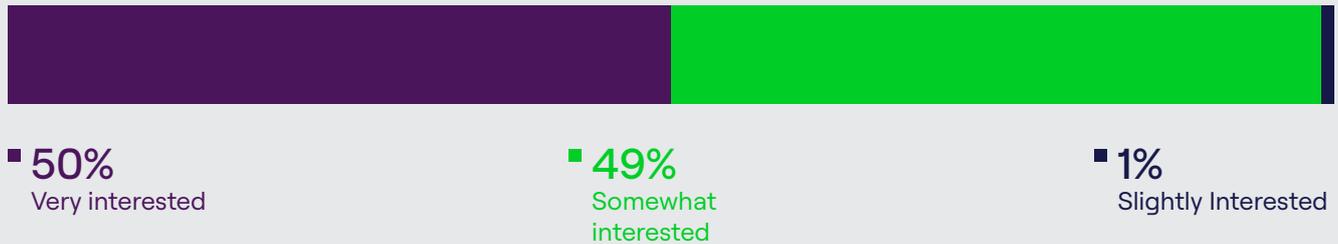
## Digital risk readiness: Fraud detection and prevention in focus

Strengthening digital defenses is top of mind for banking leaders. Virtually every executive surveyed expressed interest in enhancing fraud detection, prevention, and risk management within their digital banking platforms.

Half of all respondents (50%) reported being very interested in improving these capabilities, with another 49% being somewhat interested. This near-universal alignment highlights the growing urgency to address evolving threats as digital ecosystems expand.

As fraud schemes become more sophisticated, banks are prioritizing technologies that deliver real-time risk insights, anomaly detection, and adaptive prevention measures. Customers increasingly expect transparency, control, and consistent communication from their banks – especially when it comes to protecting their money and data. These expectations, coupled with rising threats, are pushing banks to modernize not only for experience but also to build a stronger, more resilient security posture that retains customer confidence and loyalty in a rapidly evolving digital banking environment.

How interested are you in enhancing your fraud detection, prevention, and risk management capabilities for digital banking?



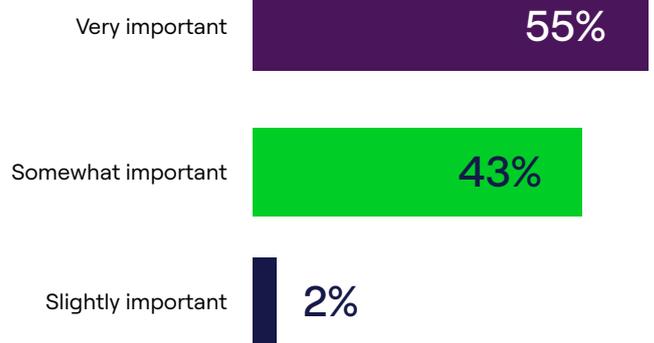
# Embedded integration: ERP connectivity now a competitive requirement

Retail banks increasingly recognize that seamless ERP and accounting platform integration is no longer optional. It's a fundamental expectation of today's business customers.

Nearly all survey respondents (98%) say this type of connectivity is important to their digital banking strategy, with 55% rating it as very important. As small and mid-sized businesses rely more heavily on platforms like QuickBooks and NetSuite to manage their finances, banks must ensure their digital services connect directly to these systems.

This emphasis on embedded integration supports a broader trend toward banking as a platform. By aligning core banking functions with back-office workflows, institutions can position themselves as essential partners in their customers' financial ecosystems, helping improve satisfaction, stickiness, and long-term value.

How important is it that your customers have seamless connectivity between their ERP or accounting platforms (e.g., QuickBooks, NetSuite) and your digital banking services?



## Open banking APIs: Fueling customization and ecosystem growth

APIs are fast becoming the backbone of digital banking innovation. When asked about the ability to leverage open banking APIs to build custom workflows and experiences, nearly all banking executives (99%) ranked this capability as important. The response was evenly split, with 49% rating it very important and 50% rating it somewhat important.

This near-universal interest confirms the growing demand for composable architecture that enables banks

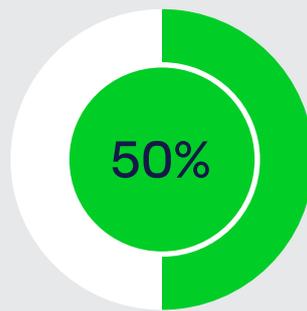
to differentiate through integration, automation, and platform extensibility. Open APIs allow institutions to tailor offerings, streamline operations, and more easily embed their services into third-party environments.

As banking ecosystems become more interconnected, open APIs will be essential to supporting customer-centric innovation and driving long-term competitiveness.

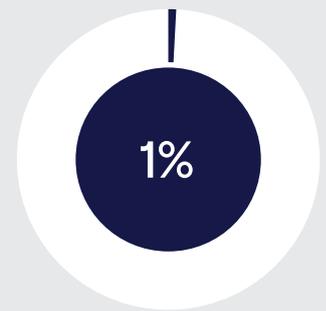
How important is the ability to leverage open banking APIs to allow you to build custom workflows and experiences?



Very important



Somewhat important



Slightly important



# Marketplace models: Expanding digital value through fintech integration

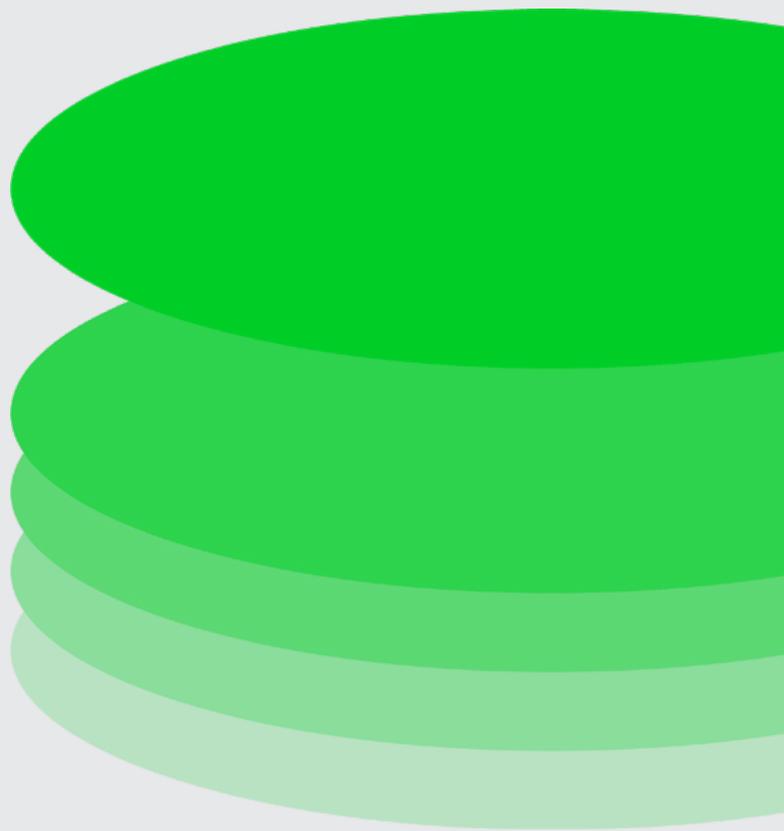
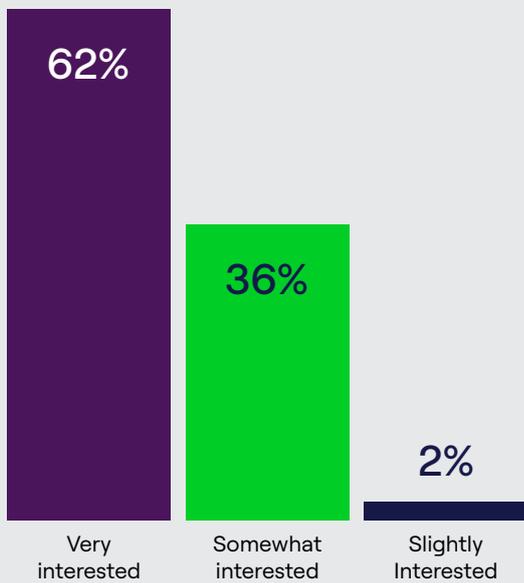
Banks are no longer expected to build every feature in-house. Instead, survey results indicate that they are increasingly interested in becoming digital platforms that can connect customers with solutions through curated ecosystems. When asked about interest in offering a marketplace capability within their digital banking solution, 98% of respondents expressed enthusiasm.

More than six in 10 survey respondents (62%) are very interested in providing marketplace functionality, while another 36% are somewhat interested. This reflects a

growing shift toward platform-based strategies, where fintech integrations can expand service offerings, increase flexibility, and allow banks to meet evolving customer needs with greater speed.

As demand for personalized and embedded financial experiences grows, marketplace capabilities can provide a scalable path. They allow banks to deliver innovation, offer customer choice, and create value within a unified digital experience.

How interested are you in offering a marketplace capability within your digital banking solution (to provide fintech integrations and expanded services)?



## AI and the innovation horizon

AI is reshaping retail banking across every touchpoint. When asked which innovation would have the greatest impact over the next 12 to 24 months, banking leaders surveyed overwhelmingly pointed to AI. They emphasized its role in personalization, fraud prevention, automation, and financial decision-making. Emerging technologies including voice-enabled banking, digital onboarding, and blockchain are also gaining increased attention as banks seek to deliver more secure, seamless, and intuitive customer experiences.

Survey responses illustrate how leaders envision AI transforming the banking experience:

- **Customer support & chatbots:** Executives view AI-powered chatbots as essential to scaling service delivery with both speed and accuracy. These intelligent assistants are expected to provide around-the-clock support, handle natural language inputs, and deliver multilingual support.

**“AI chatbots understand natural language better, making support faster, gives customers better help anytime.”**

- **Real-time insights & monitoring:** Banks plan to use AI to provide real-time credit monitoring, predictive analytics, and early alerts to protect customers from fraud and personalize product offers.

**“Banks can have real-time tracking of credit usage that assists customers in maintaining their credit scores.”**

- **Fraud detection & risk prevention:** AI’s ability to identify anomalous behavior, detect potential internal threats, and support proactive risk mitigation is seen as a critical evolution of cybersecurity and compliance strategy.

**“While bolstering defenses, fraud prevention systems will anticipate novel attack techniques.”**

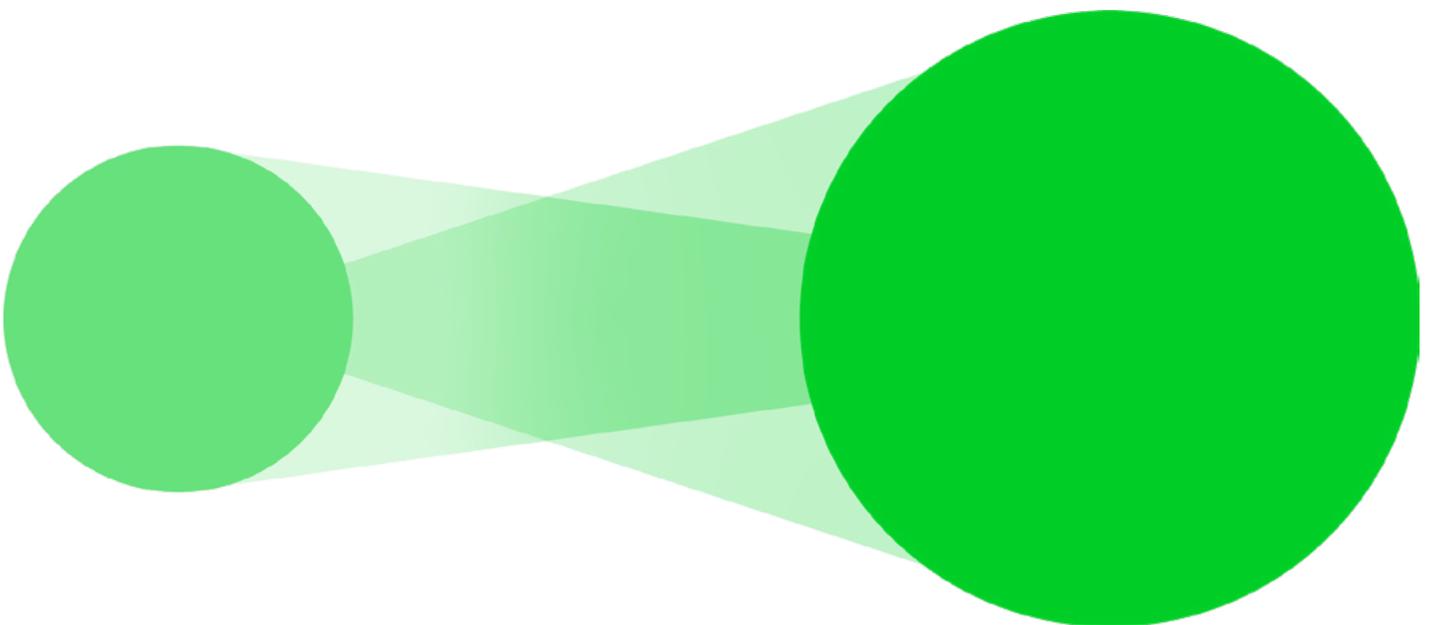
- **Personalized guidance & financial tools:** AI is expected to power tailored budgeting, investment planning, and financial wellness recommendations based on each customer’s unique profile and goals.

**“AI investment advisors give custom portfolio tips, helps customers invest smarter with less effort.”**

- **Lending & loan automation:** Enhanced decisioning workflows, risk analysis from alternative data, and AI-assisted dispute resolution are expected to streamline operations and improve customer satisfaction.

**“AI checks extra data like utility bills to judge loan risk helps more people get fair loan offers.”**

These insights suggest that respondents believe AI is not just an operational enabler, but a growth engine that will sit at the center of their efforts to improve personalization, efficiency, and customer trust.



## Why now matters: The case for human-centric transformation

The findings make one thing clear: transformation is no longer optional. As digital expectations evolve and technology advances, banks must deliver experiences that meet the needs of all users – not just customers, but also employees and partners. That means moving beyond one-off improvements toward a more unified, human-centric approach to digital banking.

The institutions best positioned to lead are taking action now. They are investing in secure, cloud-ready platforms, adopting intelligent APIs, and embedding real-time insights into how they engage, serve, and support. While banks may differ in their starting points, the destination is the same: a more seamless, connected, and responsive banking experience.

This is the moment to act with purpose. The right technology and the right partner can help banks close the gap between legacy systems and modern expectations, empowering them to move faster, meet regulatory demands, and retain customer confidence in an increasingly competitive landscape.

It's time to put people at the center of every digital interaction and lead with transformation that is measurable, modular, and built for the total experience.



## Survey methodology

The **2025 State of digital banking transformation in retail banking survey** was conducted in April 2025 by TechStudio™, an Energize Marketing® company, in partnership with FIS®. It captured insights from 300 qualified banking executives across North America, with 92% based in the U.S. and 8% in Canada.

Respondents include C-suite leaders, VPs of Digital Strategy, Retail Banking, and Innovation, as well as SVPs, directors, and functional heads responsible for customer experience, technology, product, and operations. The sample reflects leadership across both large financial institutions and regional or community banks.

The survey carries a margin of error of  $\pm 5.6\%$  at a 95% confidence level.

Together, we can fuse reliability with innovation to architect your banking future. Book your strategic modernization assessment now.

[UNLOCK MODERNIZATION](#)

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## Money at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.

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## Money in motion

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.

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## Money at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

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