zensar
An RPG Company

Global Banking Trends

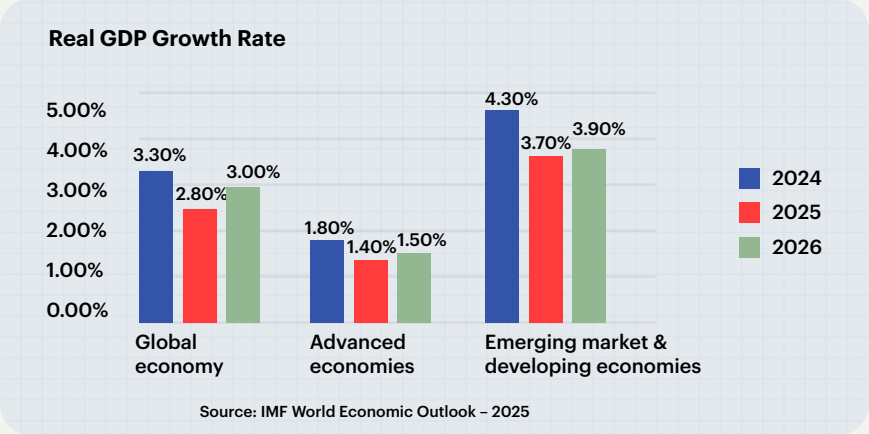
2026

Whitepaper

Global Economy Outlook

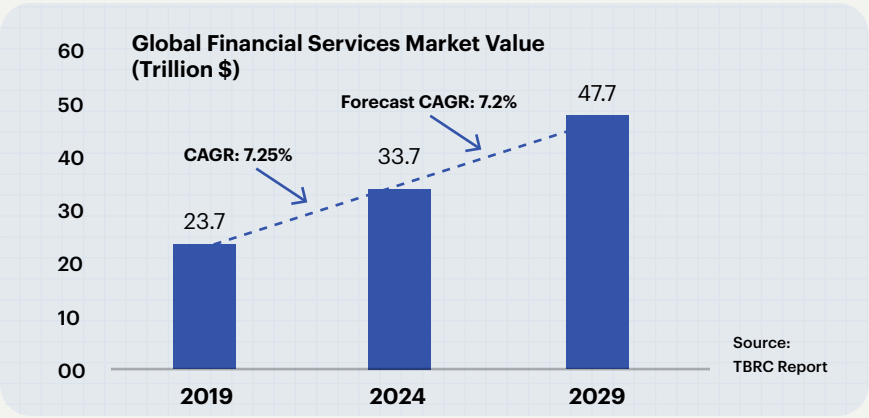
01

World GDP growth is projected at ~3.0% in 2026, and 3.2% in 2027 below the historical average of 3.7%, signaling a “slow but steady” environment.



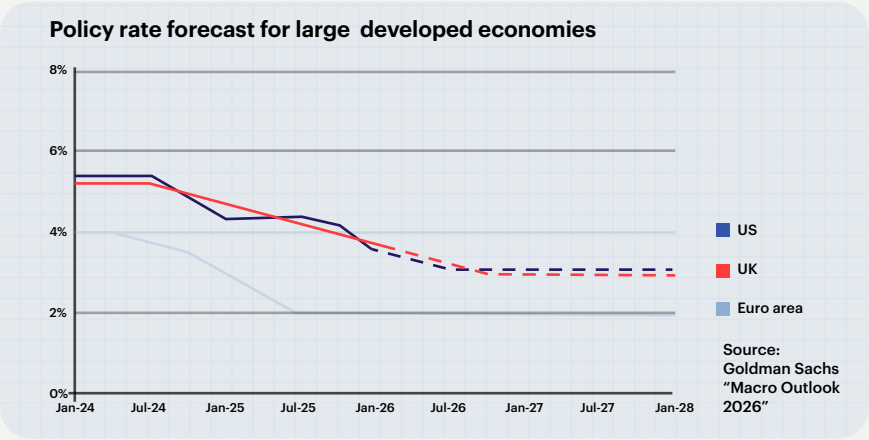
02

The global financial services market is projected to grow from $33.7 trillion in 2024 to $47.7 trillion by 2029, at a 7.2% CAGR.



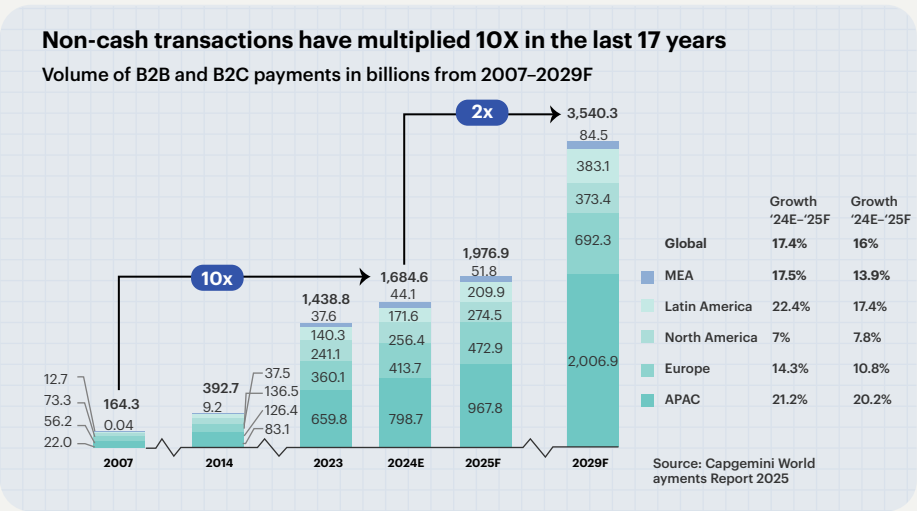
03

The US Federal Reserve and the UK’s BoE are expected to ease policy at a similar pace, maintaining relatively higher rates, while Europe’s ECB moves into a more accommodative cycle during 2025–2026, creating divergence in global monetary conditions.



04

Non-cash transactions have expanded nearly 10x since 2007, driven by rapid digital payment adoption across B2B and B2C. Strong growth continues across APAC, MEA, and emerging markets, cementing digital payments as the global norm.



Global Banking and Financial Services Sector Overview

Digital assets and regulation: Global crypto oversight is maturing, with the US (GENIUS Act) and EU (MiCA) setting clear rules for digital assets and stablecoins. Stablecoins now exceed **$250Bn market cap,** creating both risks of payment disintermediation and opportunities for bank-backed tokens. Meanwhile, **CBDCs in 134 countries** are advancing, enabling banks to act as intermediaries. Tokenized Real-World Assets (RWAs) which include tokenized deposits have reached **$35.9 – $36Bn by early 2026.**

Regulatory fragmentation is rising, with divergent **Basel IV timelines**, ESG disclosure standards, and digital asset rules across major jurisdictions. These inconsistencies drive higher compliance costs, operational complexity, and legal risk. Banks face trapped capital and increased governance challenges, demanding region-specific strategies and robust reporting systems.

Payments modernization: Global RTP transactions are set to exceed **$26 trillion** in 2025, growing at 32% CAGR, driven by networks such as FedNow (US), UPI (India), and Pix (Brazil). **ISO 20022 migration for cross-border payment instructions reaches its major milestone in Nov 2025,** enabling richer data, improved compliance, and greater interoperability. Cross-border A2A rails such as UPI linkages, Pix expansion, CIPS (China Interbank Payment System) RMB flows, and Project Nexus are replacing costly correspondent banking.

AI is a decisive but double-edged force for banks. It can reduce costs by **~15 – 20%,** but may also tighten profit pools by nearly **$170Bn.** As customers use AI agents to optimize deposits and credit, money moves faster and refinancing becomes routine. AI-powered comparison makes pricing fully transparent across banks. This can push deposit rates up, lending rates down, and margins sharply tighter.

Global trade tensions: Rising tariffs and protectionist measures are disrupting supply chains and increasing input costs worldwide. These shifts are fueling **FX volatility and tightening liquidity,** creating higher trade finance risk and credit pressure in exposed sectors, while boosting demand for hedging and treasury solutions.

Data privacy and security challenges: Banks face mounting cyber threats like ransomware with faster attack cycles, alongside growing regulatory complexity from GDPR, CPRA, and global privacy laws. Growing reliance on cloud services, combined with increased use of customer data for AI applications, is creating new vulnerabilities.

Bank profitability remains steady but is shifting in structure: As the boost from wider interest spreads and elevated net interest margins fades, growth will increasingly rely on lending volumes, fee-based services, and operational efficiency. To sustain returns, banks must diversify revenue streams and accelerate digital transformation. ROE held at 11.7% in 2025, slightly below 2024's near 12%, and is expected to remain around 11% in 2026.

Sources:

- US Genius Act • Markets in Crypto-Assets Regulation (MiCA)• Basel IV Global Finance Reforms
- FedNow® Service Volume and Value Statistic • UPI transactions • ISO 20022 Implementation
- McKinsey's Global Banking Annual Review 2025 | McKinsey
- General Data Protection Regulation (GDPR) Compliance Guidelines, • IMF – Global trade fragmentation & financial stability
- California Consumer Privacy Act (CCPA) | State of California - Department of Justice - Office of the Attorney General

Global Banking:
Key Market Movers and Shakers

Global Banks

JPMorgan is deploying AI at enterprise scale, powered by an ~$18Bn annual tech budget and its firmwide LLM Suite

Citi is rolling out AI-embedded productivity tools (Citi Assist and Citi Stylus) to ~140,000 employees

Cross Industry Entrants

Amazon is exploring USD-backed stablecoin rails to reduce card fees and speed up settlement

Vodafone partnered with digital bank N26 to power mobile services linked with financial offerings

Payment Networks

Visa is pivoting to “Network of Networks” play, moving beyond cards to money movement with investments in stablecoins and AI

Mastercard launches major AI-powered payments suite (Stripe, Google, Ant International partnerships)

Contemporary Fintechs

PayPal filed to establish PayPal Bank, explicitly to scale SMB lending and offer interest-bearing savings

Revolut entered the UK telecom space, offering mobile plans directly inside its app using eSIM and network partnerships

Key Banking Trends

01

Enterprise-grade agentic AI is moving from pilot to production

Banks are moving beyond AI as a support tool. Agentic AI is evolving into autonomous financial agents that manage deposits, optimize spending, and execute transactions without human prompts reshaping banking from a reactive service to proactive intelligence.

02

Rising tide of financial crime: AI-driven fraud and cyber defense in banking

Static fraud controls are dead. Banks are deploying AI-driven behavioral analytics to predict anomalies in real time, creating adaptive security perimeters that learn and evolve, turning fraud prevention into a competitive advantage.

03

Regtech as a strategic lever for banking excellence

Regulatory technology is no longer a cost center. Banks are embedding regtech into core operations to automate compliance, reduce risk exposure, and transform regulation into a strategic lever for agility and growth.

04

Is precision banking marking the end of scale-driven strategy?

The era of “bigger is better” is fading. Banks are embracing precision strategies hyper-personalization, micro-level capital allocation, and surgical tech investments signaling a shift from mass-market dominance to strategic selectivity.

05

Are banks humanizing digital banking again?

Digital banking is shifting from “efficiency-only” to “relationship-driven experiences”, blending human advisory with intelligent, adaptive AI to rebuild trust and deepen engagement.

06

From Observers to orchestrators: Banks take charge in the tokenized asset era

Stablecoins and CBDCs are not just tech experiments, they’re redefining monetary sovereignty. Banks must prepare for a future where currency is programmable, deposits are tokenized, and value moves 24/7 across global networks.

07

Invisible banking is the key to financial inclusion

Banking is becoming ambient and contextual. Through embedded finance and cloud-native platforms, banks are delivering services seamlessly within everyday ecosystems making financial inclusion frictionless and omnipresent.

08

Thriving in chaos: Resilience is the new currency of banking

Economic volatility is structural, not episodic. Banks are shifting from shock absorption to strategic adaptation, leveraging AI forecasting, agile operations, and scenario modeling to thrive in an era of perpetual uncertainty.

01 Enterprise-Grade Agentic AI Is Moving From Pilot to Production

AI at production scale across global banking

- JPMorgan Chase has realized ~$1.5Bn in measurable value from AI across fraud prevention, trading optimization, and accelerated credit decisioning.
- Bank of America's "Erica" has surpassed 3 billion interactions, serving nearly 50 million users and handling ~58 million interactions monthly.

Key Market Trends

01

KYC and customer onboarding

- Banks collectively paid $25 billion annually on KYC/AML fines globally before the advent of agentic AI.
- HSBC cuts onboarding time from 10 days to 2 days using AI agents, reducing costs by 25%.
- 70% of banks and FIs are deploying piloted agentic fraud detection systems

02

Customer service and relationship management

- Transforming support from transactional Q&A into relationship-building engagement.
- 74% of chatbot interactions result in first-contact resolution.
- Sentiment analysis from real-time chats that helps to reduce escalation count.

03

BNPL: Behavioral shift with agentic purchasing

- Agentic AI suggests BNPL-enabled products based on spending patterns.
- Increases personalization by aligning payment options with user preferences and financial behavior.
- BNPL usage grew 5% YoY, with 96 million Americans expected to use it in 2026.

04

Intelligent payment orchestration with agentic AI

- Agentic AI is transforming payments by automating real-time routing, compliance, and fraud prevention across multiple rails traditional networks, tokenized payment systems, and stablecoin channels.
- AI agents dynamically select the most cost-efficient and fastest route, optimize FX conversions, and embed regulatory checks within milliseconds.

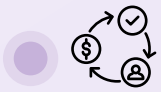
Initiatives by Major Players

JPMC announced its blueprint of $18Bn to become the first fully AI-integrated enterprise bank by end of 2026. Currently, AI agents are used by employees for fraud, AML, trading, and research.

Offers agentic tokens, building on tokenization for global commerce solutions. Includes programmable payments.

Citi deployed agentic AI capability in response to the $130 million fine (2024), and updated the "Citi stylus work space platform" for fraud detection &AI governance.

Key Imperatives



Seamlessly integrate AI into core operations with strong human-in-the-loop guardrails

AI systems should operate alongside domain experts, with humans validating high-impact outputs, governing exceptions, and ensuring safety, fairness, and compliance.

AI decision explainability

- Agentic AI cannot operate as a black box in regulated financial workflows, where occasional hallucinations or unsupported outputs pose material risk.
- AI agents must provide transparent, explainable reasoning for decisions, be fully auditable end-to-end, and align with regulatory frameworks (e.g., GDPR, SOX).

Data readiness and integration

- 70% of bank data sits in legacy systems that were never designed to share data.
- Agentic AI needs unified, real-time, authoritative data.
- 78% of the banks remain data-unready for agentic AI.

People debt – talent deficit

- 87% of CFOs acknowledge talent shortage, limiting their ability to design, implement, and manage agentic AI.
- Talent shortage leads to extended timelines for institutes with ready agentic AI infra and data.

Sources:

- McKinsey – Agentic AI in KYC & Financial Crime • Gartner – Agentic AI in Customer Service • Agentic AI
- Galileo – Agentic Payments for Banks & Fintechs • JPMorgan Chase AI strategy: US$18B bet paying off - AI News
- Mastercard Agent Pay: secure, scalable and trusted agentic AI
- AI Applications In Fraud Detection In The Banking Industry

02 Rising Tide of Financial Crime: AI-Driven Fraud and Cyber Defense in Banking

Key Market Trends

01

Behavioral biometrics becoming mainstream

Banks are rapidly shifting to biometric-driven security, with 87% of global banks now using biometric authentication. Advanced behavioral biometrics typing cadence, mouse movement, and navigation flow have shown measurable impact. The behavioral biometrics market surpassed $10Bn in 2025 and is projected to grow at a 15 – 20% CAGR over the next five years.

02

Surge in synthetic identity

Synthetic identity fraud where criminals fuse real and fabricated personal data is the fastest-growing form of identity fraud, accounting for 80% of all new account fraud. It is expected to cause $23 billion in losses in the US alone by 2030, driven by cheap and accessible AI tools. Banks are investing in advanced identity verification and biometric authentication to counter this.

03

Continuous authentication

Security has shifted from one-time login checks to persistent identity validation. The global authentication solutions market hit $22.8Bn in 2025, and is projected to reach $98.6Bn by 2035 (15.8% CAGR), driven by the adoption of AI-enabled continuous authentication.

04

AI-driven fraud detection

AI-driven fraud engines now deliver up to 98% detection accuracy while reducing false positives by 40 – 60%. Banks are also advancing toward quantum-safe cryptographic and hybrid AI models to prepare for emerging quantum-driven threats.

Initiatives by Major Players

HSBC

Implemented an AI-powered financial crime detection system with Google Cloud that analyzes 900Mn transactions monthly across 40Mn accounts, detecting 2 - 4 times more crime while reducing false positives by 60% for better accuracy and customer experience.

J.P.Morgan

Launched NeuroShield, a proprietary AI fraud detection system that tracks keystroke dynamics, mouse movements, and login habits, reducing scam-related losses by 40% in pilot programs.

NatWest

Uses OneID (bank-based digital identity) to strengthen KYC and prevent deepfake-enabled fraud during onboarding and transactions.
It focuses on continuous AML checks and real-time identity verification

Key Imperatives

1. Rise in sophisticated attacks

Fraudsters are increasingly using AI-enabled techniques such as deepfake voices, videos, and synthetic identities to bypass traditional KYC. Only 0.1% of users can accurately identify deepfake media, making impersonation attacks extremely effective, while Account Takeover (ATO) attacks have surged 250%, with 40% of victims also experiencing identity fraud.

2. Mobile and digital banking vulnerabilities

Mobile malware is accelerating as banks expand digital channels, with Android malware transactions increasing 67% YoY, driving the need for stronger app security, encryption, and continuous penetration testing.
Fraud networks now target mobile channels for ATO and social engineering attacks, making continuous identity checks and behavioral analytics essential.

3. Rapid expansion of API attack surface in open banking

API call volumes are projected to surge 427% by 2025, making APIs the fastest-growing attack, with 57% of organizations experiencing API-related breaches and only 21% able to detect them effectively. To counter this, banks must deploy AI-driven API security combining continuous identity verification, real-time risk scoring, and advanced API monitoring to detect, prevent, and stop fraud before funds leave the account.

4.Rise of real-time payment and instant fraud risk

The growth of instant payment systems (UPI, RTP, SEPA Instant) has compressed fraud detection windows to milliseconds. Banks need AI-driven decision engines capable of dynamic risk scoring at scale to prevent fraud before funds leave the account.

Sources:

• Behavioral Biometrics Report • Biometrics in banking | Deloitte Insights • Banking in the quantum technologies
• Digital Operational Resilience Act (DORA) • JPMorgan Unveils AI Fraud Shield • OneID neutralize Deepfakes Fraud.

03 Regtech as a Strategic Lever for Banking Excellence

Key Market Trends

01

Rising compliance costs and regulatory pressure

- Global financial crime compliance costs exceed $206Bn annually (EMEA $85Bn, South Africa $1.4Bn), driven by expanding regulations such as Basel III, GDPR, Dodd-Frank, PSD2, and open banking.
- Banks face mounting AML/KYC obligations and cross-border compliance complexity, increasing operational burden and cost-to-serve.

02

Digital-first regulation and fragmentation

- Regulators in the UK, EU, US, and South Africa are moving to digital-by-design regulation, with the UK's Mandatory APP Fraud Reimbursement (FCA/PSR) placing direct fraud reimbursement liability on banks and payment service providers.
- Overlapping mandates across AML/KYC, GDPR, PSD2/open banking, sanctions, crypto, and instant payments are fragmenting compliance and significantly increasing operational complexity and regulatory risk.

03

AI-driven compliance transformation

- Financial institutions are deploying AI-powered AML, fraud detection, and anomaly monitoring, cutting false positives alerts by 60% and accelerating case resolution.
- Generative AI and predictive risk scoring enable automated regulatory reporting and dynamic adaptation to new rules across jurisdictions.

04

Operational resilience and digital identity

- Since 31 March 2025, UK firms have been mandated to evidence compliance with impact tolerances for critical services, including the implementation of real-time controls and automated resilience testing.
- KYC automation and biometrics, combined with blockchain-based identity verification, are reducing onboarding friction while mitigating risks in crypto and instant payment ecosystems.

Initiatives by Major Players

Partnered with Quantexa for network analytics-based financial crime detection, improving cross-entity visibility and faster case resolution.

Partnered with Hummingbird regtech to embed AI- and LLM-powered compliance and transaction-monitoring automation, enabling enhanced cross-entity visibility and faster investigation workflows.

Adopted sector-wide regech solutions leveraging AI, machine learning, blockchain, and big-data analytics to improve real-time AML monitoring, fraud detection, and regulatory reporting efficiency across its compliance operations.

Deployed patented AI-driven multidimensional transaction-pattern analytics and its CashPro Data Intelligence platform to strengthen anomaly detection, enhance cross-channel financial-crime visibility, and accelerate case resolution.

Key Imperatives

1. Regulatory and governance alignment

- Centralize compliance frameworks to manage fragmented global regulations (AML, KYC, sanctions, ESG).
- Enable real-time regulatory updates and automated reporting to reduce manual effort.

2.Technology and infrastructure modernization

- Deploy AI/ML-powered regtech for anomaly detection, risk scoring, and predictive compliance.
- Adopt cloud-native architectures for scalability and cost efficiency.
- Integrate blockchain-based audit trails for transparency and immutable records.

3. Cross-border regulatory orchestration

Build multi-jurisdictional compliance frameworks to handle fragmented global regulations (MiCA, MAS, US stablecoin rules).

4. Data security and talent enablement

- Build secure data pipelines for cross-border compliance and privacy-by-design.
- Create cross-functional squads combining compliance, IT, and risk expertise.

5. AI-driven risk and predictive analytics

- Deploy machine learning models for anomaly detection, predictive risk scoring, and stress testing.
- Anticipate compliance breaches before they occur critical for CBDC and tokenized payment ecosystems.

Sources:

- LexisNexis Study over Financial Institutions Spending on Financial Crime Compliance
- FCA RegData • AI Powered AML, Fraud Detection
- How HSBC Is Using Quantexa Technology To Combat Crime
- Citi use AI to scale compliance • Bank of America

04 Is Precision Banking Marking the End of Scale-Driven Strategy?

Key Market Trends

01

Capital efficiency over scale

- Precision strategies unlock 20% cost reduction by reallocating RWAs and optimizing capital at the product and client level.
- Focus is shifting from blanket growth to micro-market targeting and selective expansion.

Examples:

In 2025, JP Morgan launched AI-powered portfolio optimization tools that dynamically reallocate risk-weighted assets (RWAs) at the micro level, freeing up billions in trapped capital for higher-yield segments.

Bank of America introduced "Precision Growth Pods" regional micro-market teams using predictive analytics to target profitable niches instead of blanket expansion.

02

Hyper-personalization as loyalty declines

- Customer inertia is collapsing: Banks are moving to "segment of one" strategies, delivering individualized offers and experiences.
- Hyper-personalization now drives double-digit uplift in cross-sell and retention, making it a core differentiator, not a CX add-on.

Examples:

Wells Fargo rolled out "Customer Genome" AI, enabling segment-of-one personalization for 40Mn retail customers. This drove a 22% uplift in cross-sell rates and improved retention

Barclays UK deployed real-time personalization engines that adjust offers based on life events and spending patterns, resulting in a 30% increase in digital engagement.

03

Surgical tech investments, not blanket modernizations

- Banks are cutting broad IT programs and focusing on high-ROI AI workflows like RWA optimization, pricing, and servicing.
- Targeted deployments deliver 15 - 20% operational cost savings versus legacy modernization.
- Cloud-native microservices are prioritized for speed and agility, not wholesale re-platforming.

Examples:

Citi shifted $130Mn from legacy modernization to agentic AI pilots for credit decisioning and FX optimization, cutting operational costs by 18% in targeted workflows.

04

Precision deposit and pricing economics

- Portfolio-level elasticity insights and governed offer optimization help banks manage deposit mix and funding costs more efficiently supporting NII stability through structured, policy-aligned repricing cycles.
- Pricing analytics programs have demonstrated meaningful performance gains in banking, with data-driven pricing improving overall revenue by ~5 – 10% and disciplined deposit-portfolio optimization delivering margin uplift in the ~8 – 18 bps range through better forecasting.

Examples:

Scaled AI with strong governance and controls across the enterprise creating the foundation for policy-aligned pricing discipline and faster decision execution within ALCO/treasury guardrails.

BNP Paribas launched dynamic fee structures tied to customer behavior, boosting non-interest income by 15% in EMEA markets.

Key Imperatives

Build the precision toolbox

- Technology: Focus on high-ROI AI use cases (e.g., agentic servicing, RWA optimization).
- Consumer: Move to individualization via unified customer graphs and journey orchestration.
- Capital efficiency: Apply micro-level balance sheet discipline product by product, client by client.
- Selective growth: Pursue micro-market M&A, not scale-for-scale deals.

Operating model realignment

- Shift from product-centric P&Ls to customer-segment and life cycle ownership.
- Empower frontline teams with decision rights driven by precision analytics.

Data fitness and model governance

Precision depends on real-time, clean data, and robust model risk controls.

Granular pricing and offer design

Deploy elasticity-aware pricing and personalized bundles to defend NII.

Ecosystem signal integration

- Ingest external signals (merchant data, telco, lifestyle, ESG, mobility) to sharpen personalization.
- Precision banking depends on context, not just transaction history.

Sources:
• McKinsey – Hyper-personalization & capital efficiency • Forbes – Hyper-personalization and loyalty economics
• McKinsey – Pricing & precision ROI • HSBC – Transforming HSBC with AI

05 Are Banks Rehumanizing Digital Banking?

Key Market Trends

01

Live banking: AI + Human

- AI-human synergy where AI handles cognitive grunt work, and humans deliver live contextual judgment
- Changes banking strategy from "product pusher" to "financial architect"
- ABN AMRO transitioned its wealth advisory through live video-enabled banking with AI and humans

02

Phygital branches

- Rather than forcing customers to a single channel, phygital provides options based on need.
- Enables online, offline, and hybrid processes for the customers and banks.
- A good alternative to attract neo-bank customers,

03

Sentiment analysis

- Banks are investing in Aspect-Based Sentiment Analysis (ABSA), detecting not just polarity (positive, negative, and neutral) but emotions (anger, joy, frustration).
- Study cited by McKinsey indicates 25% uplift in CSAT for banks using emotional intelligence.
- BBVA: Implemented sentiment scores for all the recorded conversations.

04

Embedded finance with human-centric advisory

- Embedded finance supports people at critical moments, with human interaction providing personalized guidance
- Gen Z customers are impatient and don’t like paperwork. Human interaction helps them make apt decisions.
- Samsung finance: Provides an option to add a consultant in case the customer has any questions around the offers provided through automation.

Initiatives by Major Players

BBVA
DBS

Customizable super-apps beat neo banks

- BBVA and DBS let customers drag-and-drop “money modules” (crypto jar, carbon offset, kid’s allowance), turning banking into a personal workspace.
- This modularity shifts personalization from algorithm-driven to user-authored financial identity.

Santander

Infusion of empathy through Fortnite (gamification)

- Santander's fan-made Fortnite map hosted 1.2Mn Gen Zs in a 3-hour "Budget boss battle."
- The emotional signal engine identified distressed players and automatically triggered a video interaction with a human banker after major in-game losses

J.P.Morgan

Humanized advice through AI-augmented banking

- JPMorgan uses AI to automate repetitive back-office work, allowing employees to focus on meaningful, relationship-based customer interactions instead of administrative tasks.
- Giving frontline teams real-time AI insights helped bankers engage customers with more empathy, context, and personalization, enhancing the human advisory experience.

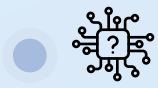
Key Imperatives

Design for emotional journeys, not digital flows

Map anxiety, trust, confusion, and confidence across customer journeys not just clicks and drop-offs.

Institutionalize AI + Human collaboration

Define when AI must lead, when humans must lead, and when they must decide across service, advisory, and sales.



Build emotion intelligence as a core capability

Operationalize sentiment, tone, hesitation, and frustration signals across voice, chat, and video into decision systems.

Redefine digital success metrics

Metrics must capture emotional trust, customer confidence, anxiety reduction, and relationship depth alongside traditional usage metrics.

Sources:

- EY – Agentic AI Report
- Emerj – Sentiment Analysis in Banking
- GBAF –Retail Banking
- McKinsey – AI Value in Banking

06 From Observers to Orchestrators: Banks Take Charge in the Tokenized Asset Era

Banks are moving beyond experimentation and increasingly incorporating stablecoins, CBDCs, and tokenized deposits into their payments and treasury ecosystems, as regulatory clarity accelerates wider adoption. This momentum is expanding participation beyond Tier-1 institutions, with banks scaling capabilities through a mix of approaches: building in-house, leveraging emerging market infrastructure, and, in some cases, collaborating with fintech and platform partners.

Key Market Trends

01

From investment asset to medium of exchange

Stablecoins and CBDCs are shifting from speculative assets to transactional instruments for retail and corporate payments. This change positions them to be integrated into core banking services such as deposits and lending.

02

Infrastructure modernization for digital currency integration

Banks are upgrading core systems by adopting Banking-as-a-Service (BaaS) platforms from providers such as FIS and Finastra. This ensures rapid integration with minimal infrastructure cost.

03

Tokenized deposits: The next phase of digital money

Tokenized deposits represent a cautious yet growing shift toward regulated digital bank money on the blockchain, supporting early wholesale and interbank applications and attracting increasing attention from global regulators seeking safer, well-supervised alternatives to private stablecoins.

04

Global regulatory push for tokenized money

- Global regulators are formalizing tokenized money rules to ensure stability and consumer protection. Frameworks such as the EU MiCA, UK FSMA, and US GENIUS Act (2025) set standards for licensing, reserves, audits, and disclosures.
- Key regions such as the UAE, Singapore, Japan, Hong Kong, Australia, and Canada have introduced similar regimes, while China bans private stablecoins, focusing solely on its CBDC (e-CNY).

Stable Coin Integration Models for Banks

- Bank as direct issuer (B2C): Banks mint stablecoins for KYC-verified clients, backed by internal reserves. Used for closed-loop treasury and interbank transfers (e.g., JPM Coin by JPMorgan).
- Independent issuer (B2B2C):Bank partners with licensed stablecoin issuers (e.g., Circle, Paxos) via APIs for mint/redemption. Reserves held by custodians.(e.g., FIS partners with Circle for USDC rails.)
- Issuer + Fintech partnership: Bank sponsors compliance; fintech runs blockchain rails and wallets(HSBC [bank] + Ant International [fintech]).
- Banking-as-a-Service (BaaS) for digital assets: Banks consume modular services from providers such as Fiserv to integrate digital asset capabilities without heavy infrastructure investment.

Tokenized Deposit Initiatives by Major Players

- Lloyds Bank became the first UK bank to issue tokenized sterling deposits partnering with Archax Canton.
- JPMorgan launched tokenized deposit tokens (JPMD) on Base, a network built by Coinbase.

Key Imperatives

Regulatory clarity and harmonization

- Clear frameworks for tokenized digital assets (e.g., the US GENIUS Act and the EU MiCA).
- Deposit insurance applicability to maintain trust.

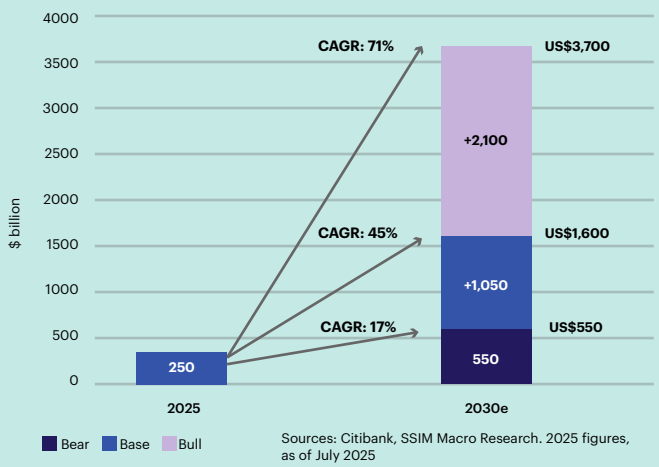
Interoperability and infrastructure

- Integration with existing payment rails (SWIFT, ACH, RTP) for hybrid operations.
- Cross-chain interoperability across blockchains.

Institutional adoption

- Tokenized money must move from pilot use cases into core treasury and liquidity operations.
- Enterprise-grade liquidity networks(JPM Kinexys, Citi Token Services, Canton) must prove scale, uptime, and settlement finality to earn institutional trust.

Global stablecoin market cap forecast (2025–2030)



Sources: Citibank, SSIM Macro Research. 2025 figures, as of July 2025

Sources:

• Citi – Stablecoins 2030 Report • AInvest –Stablecoins 2026
• Stablecoin Insider – 2026 • GlobalData / FinTech Magazine.

07 Invisible Banking is the Key to Financial Inclusion

- Invisible banking where financial services operate seamlessly in the background and embedded finance integrates banking into non-financial platforms is now mainstream.
- Banking is shifting from branch-based models to contextual, platform-driven experiences, making financial services ambient and frictionless

Key Market Trends and Initiatives by Major Players

01

Agentic commerce: The new financial interface

- AI agents now discover, decide, and execute transactions, shifting users from managing actions to defining intent and guardrails.
- Payments and credit will run invisibly through embedded banking rails inside agent-orchestrated commerce flows.
- Banks increasingly compete to power AI agents and ecosystems, not just to own customer-facing interfaces.

Examples:

J.P.Morgan

JPMorgan is actively piloting AI-driven agentic commerce in 2026, where AI agents autonomously help customers discover products, compare options, and complete purchases.

02

BaaS fuels expansion

- API-first architectures and cloud-native platforms enable non-banks to offer banking without proprietary infrastructure.
- BaaS is accelerating adoption in emerging markets such as South Africa and MENA, driving low-cost, high-reach models.

Examples:

standard chartered

Standard Chartered launches BaaS for African fintechs.

Deutsche Bank

Deutsche Bank embeds treasury services into ERP systems for SMEs.

03

Financial inclusion via platform partnerships

- Telcos, super apps, and gig platforms embed micro-loans and insurance into everyday journeys.
- Cloud-native banking reduces cost-to-serve, enabling outreach to underserved segments.

Examples:

ICICI Bank partners with telecom operators to offer rural microloans.

Absa Bank integrates credit scoring into super-apps for gig workers.

04

Experience-first banking gains traction

- Banking shifts from destination-based (branches, apps) to experience-based, embedded in checkout flows and social platforms.
- Voice-first and conversational banking improve inclusion in low-literacy markets.

Examples:

HSBC embeds financing into e-commerce checkout flows.

Santander introduces voice-first banking via smart speakers.

Key Imperatives

Partnerships drive scale

Banks partner with super-apps, telcos, and fintechs to embed financial services where customers already spend time, reaching millions without formal banking access.

Lower cost-to-serve → Broader reach

Invisible banking, powered by embedded finance and cloud-native systems, drastically reduces operational costs.

Alternative data → Inclusive credit

Invisible banking uses AI-driven risk models based on alternative data (e.g., mobile usage patterns) to help unbanked customers access credit and savings products.

Regulatory and security priorities

- Stricter compliance (GDPR, SOC 2, ISO 27001) and quantum-resilient security are critical for embedded finance.
- Regulators are pushing Open Banking 2.0, enabling full financial ecosystems rather than just APIs.

Domestic banks must shoulder financial inclusion as global funding declines

- Funding cuts to global institutions (the UN, World Bank, and development agencies) are reducing international support for inclusion initiatives.
- Financial inclusion will increasingly be driven by domestic banks, local regulators, and regional platforms.

Sources:

- HSBC Innovation Banking
- FinTech Magazine
- WEF
- IMF

08 Thriving in Chaos: Why Resilience Is the New Currency of Banking

Global banking now operates in a polycrisis era where geopolitical risk, macroeconomic fragmentation, protectionism, climate shock, and structural shifts (inflation, deglobalization, tax arbitrage) interlock and amplify risks. Resilience, hence, defines competitive advantage

Key Market Trends

01

Fungible corporate structuring for geographic optionality

- Regulatory fragmentation, tax divergence, and sudden policy shocks are forcing corporates to design modular, portable, legal, and treasury structures.
- Banks are effectively mandated to build multi-jurisdictional capabilities for liquidity orchestration and exposure re-booking.

02

Climate change and environmental shocks

- Extreme weather events: Floods, wildfires, and hurricanes are causing sudden economic disruptions.
- Credit and liquidity stress: Banks face rising defaults in climate-sensitive sectors (agriculture, real estate, energy).

03

Economic volatility and treasury exposure fragility

- Currency fluctuations, geopolitical shocks, sanctions, and recessionary cycles are now persistent rather than episodic. Banks must adapt to nonlinear economic disruptions rather than rely on historical forecasting models.
- Rising volatility in commodities and global markets exposes treasury and reserve portfolios to outsized risk. Banks must adopt tighter exposure limits and real-time oversight frameworks to prevent small treasury teams from creating institution-wide systemic risk. (Examples: JPMorgan's $4.2Bn loss on silver options; UBS's recent treasury exposure event).

04

Protectionism as a systemic financial risk

- Policy unpredictability risk: Protectionist measures such as tariffs, localization mandates, and retaliatory trade actions introduce sudden, politically driven policy shifts
- Cross-border operating and compliance risk: Divergent national trade and regulatory regimes increase compliance complexity, operational cost and execution risk for banks.

Initiatives by Major Players

Standard Bank	Regional trade expansion: Standard Bank is deepening ties with African trade blocs (e.g., AfCFTA) to reduce reliance on global trade routes affected by tariffs.
J.P.Morgan	Launched its Center for Geopolitics in May 2025 to provide clients advisory on global tensions and geopolitical disruptions, helping them to embed geopolitical risk into financial and strategic decisions.
US Global Banks	Cut cross-border lending to countries facing intense geopolitical risk while maintaining lending via local affiliates to limit expropriation exposure.

Key Imperatives

Embed AI-driven forecasting and scenario modeling

Use AI-driven forecasting and predictive analytics to continuously model exposures, detect emerging concentration risks, and trigger early alerts.

Build agile and resilient operating models

Shift from rigid hierarchies to cross-functional squads for compliance, risk, and operations.

Strengthen treasury risk guardrails and exposure controls

Banks must implement anti-concentration limits, real-time treasury exposure dashboards, and stricter governance to prevent single-desk failures from cascading into systemic risk.

Invest in data readiness:

Build secure, interoperable data ecosystems for global compliance and forecasting.

Sources:

- FTI Consulting • PwC Global Banking Risk Study 2025
- McKinsey Global Banking Annual Review 2025. • Bank Quality

Glossary

GDP – Gross Domestic Product
Fed – Federal Reserve
ECB – European Central Bank
BoE – Bank of England
IMF – International Monetary Fund
CAGR – Compound Annual Growth Rate
ROE – Return on Equity
ESG – Environmental, Social, and Governance
AI – Artificial Intelligence
RTP – Real-Time Payments
UPI – Unified Payments Interface
Pix – Brazil Instant Payment System
ISO – International Organization for Standardization
A2A – Account-to-Account
CIPS – Cross-Border Interbank Payment System
RMB – Renminbi
GDPR – General Data Protection Regulation
CPRA – California Privacy Rights Act
FX – Foreign Exchange
GENIUS Act – Guaranteed and Even-handed National Improvement of the US Stablecoin Act
MiCA – Markets in Crypto-Assets Regulation
CBDC – Central Bank Digital Currency
Regtech – Regulatory Technology
ILC – Industrial Loan Company
FDIC – Federal Deposit Insurance Corporation
DFI – Department of Financial Institutions
SMB – Small and Medium-Sized Business
BaaS – Banking-as-a-Service
USDC – USD Coin
ACH – Automated Clearing House
FSMA – Financial Services and Markets Act
SOC 2 – Service Organization Controls 2
LLM – Large Language Model
MVNO – Mobile Virtual Network Operator
NFC – Near Field Communication
EU DMA – European Union Digital Markets Act
HCE – Host Card Emulation
KYC – Know Your Customer
AML – Anti-Money Laundering
FI – Financial Institution
BNPL – Buy Now Pay Later
HIPAA – Health Insurance Portability and Accountability Act
SOX – Sarbanes-Oxley Act
SEPA – Single Euro Payments Area
API – Application Programming Interface
MAS – Monetary Authority of Singapore
PSD2 – Revised Payment Services Directive
FCA – Financial Conduct Authority
SA – South Africa
EMEA – Europe, Middle East, and Africa
OpEx – Operating Expenses
RWA – Risk-Weighted Assets
NII – Net Interest Income
M&A – Mergers and Acquisitions
ABSA – Aspect-Based Sentiment Analysis
CSAT – Customer Satisfaction Score
NPS – Net Promoter Score
KPI – Key Performance Indicator
B2C – Business-to-Consumer
B2B2C – Business-to-Business-to-Consumer
ISO 27001 – Information Security Management Standard
ERP – Enterprise Resource Planning
SME – Small and Medium-Sized Enterprise
AfCFTA – African Continental Free Trade Area

About Us

This paper is published by the BFS Industry Solutions Group (ISG) at Zensar, presenting our view of the top banking and financial services trends in the Global market.

Who is Zensar?

Zensar stands out as a premier technology consulting and services company, embracing an experience-led everything philosophy. We are creators, thinkers, and problem solvers, passionate about designing digital experiences that we engineer into scale-ready solutions to deliver superior engagement for high-growth companies.

10000+ employees
30+ locations worldwide
130+ global clients
$624.5 Mn FY25 revenue

Who is ISG?

ISG (Industry Solutions Group) is the cornerstone of our engagements at Zensar, differentiating with "domain-driven everything," innovation, and empowering client engagement.

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