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Financial Services Industry Business Insights Primer for 2024

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Initiatives: Financial Services Industry Business Insights

Financial services leaders face pressure to grow profitably amid economic volatility and disruptive technology. Financial services leaders can use Gartner's insights to make strategic decisions on how to compete in the market, differentiate their business and create value for stakeholders.

Scope

This initiative provides guidance on developing, implementing and monetizing strategies to stay ahead of changing business and customer needs.

Topics in this initiative include:

- **Business Trends and Strategic Priorities in Financial Services:** Learn about economic shifts and external pressures impacting the entire industry and plan for actions you must take to achieve your firm's long-term business goals.
- **Commercial Banking:** Grow commercial banking deposits and lending, improve relationship manager productivity and develop a differentiated product and service strategy.
- **Financial Services Operations:** Develop an achievable process improvement strategy, and accelerate and scale automation initiatives to improve customer experience while driving sustainable cost efficiencies.
- **Life and P&C Insurance:** Stay on top of changing insurance customer needs and develop a differentiated product and service strategy.

- **Retail Banking:** Stay on top of changing retail customer needs, improve frontline productivity and develop a differentiated product and service strategy.
- **Wealth Management and Investment Services:** Attract the next generation of wealth management clients, evolve the role of advisors and deliver a great client experience.

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Analysis

Figure 1: Financial Services Industry Business Insights Overview

Financial Services Industry Business Insights



Source: Gartner

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The banking turmoil that shook markets at the start of 2023 swept away any lingering expectations that business would return to the prepandemic era and signaled a turning point for financial services firms. Interest rates are projected to remain high for some time. While this situation has increased profits for some institutions in the short term, margins for others have begun to decline due to higher deposit costs and tightened credit conditions. Financial services firms are building loan loss reserves in anticipation of higher credit losses arising from an uncertain macroeconomic environment and a subdued growth outlook. Geopolitical tensions continue to inject volatility into trade and investments, impacting balance sheets and the health of banks' commercial and investment portfolios. Regulatory bodies have also heightened scrutiny, with new rules governing the use of GenAI emerging.

Against the current backdrop, financial services firms' potential performance can vary widely, demonstrating the importance of strategies for growth, customer retention and employee productivity. To be successful, financial services firms need to keep up with technology usage, adapt to changing customer behavior, lead their employees through volatility and improve sales pipelines.

Topics

Our 2024 insights will enable financial services leaders to make informed and confident decisions to remain competitive amid volatility and uncertainty. This initiative will help firms adapt to market trends, create a compelling talent model that enhances frontline productivity, and make strategic business model and partnership shifts that deliver new value for different customer segments. In addition, our benchmarks, assessment tools and best practices will support critical leadership activities.

Our research in this area addresses the following topics:

Business Trends and Strategic Priorities in Financial Services

The present brings no shortage of disruptions — fintechs and digital giants threaten financial services firms' core business model, inflation creates cost pressures and economic uncertainty increases risk across the enterprise. To meet these challenges and stay financially sound, firms need to prepare for the future by understanding how major forces are reshaping the market and altering what strategies are required to differentiate from the competition.

Questions Your Peers Are Asking

- Which levers drive employee productivity and effectiveness in an evolving talent landscape?
- How do we devise and execute a business strategy that is successful in an increasingly digital environment?
- How do we adapt our business models/products to emerging trends and market forces?

Recommended Content

 Some recommended content may not be available as part of your current Gartner subscription.

- How the Largest Global Banks Are Using Digital and New Business Models to Compete and Win
- 3 Scenarios to Plan for the Impact of GenAI Regulation on Banking
- How Financial Services Executives Can Improve Returns on Technology Investments
- Forge Partnerships Necessary for Value Transformation in Financial Services

Planned Research

- 2024 industry trends in payments
- The future of banking
- The role of digital assets in increasing deposits
- How to use technology and products to improve productivity of customer-facing talent

Commercial Banking

Commercial banking must constantly adapt to businesses' changing needs — a task that is now more difficult than ever. High inflation, declining credit quality and disruptive competition pose significant challenges to growth. Financially vulnerable businesses need help navigating an uncertain reality. Success in supporting clients and driving revenue requires optimizing sales and delivery strategies while managing evolving product portfolios.

Questions Your Peers Are Asking

- How do we define and create a business strategy that will help expand our segment and market presence?
- How can we improve deposit growth in commercial banking?
- How can we organize relationship managers to free up capacity to focus on sales pipeline building and execution?

Recommended Content

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- 3 Ways to Promote Relationship Growth in Commercial Banking
- Elevate Clients' Experiences Using Technology in Commercial Banking
- Support ESG Initiatives to Attract New Customers in Commercial Banking
- Improved Digital Engagement for SME Clients: A Business Banking Trend for 2023

Planned Research

- 2024 industry trends in commercial banking
- How to increase deposits in commercial banking
- Key insights on how small business owners work with commercial banking providers

Financial Services Operations

Inflationary pressures and intense competition from new entrants demand unprecedented levels of operational efficiency, but short-term cost pressures make it difficult to invest in key operational capabilities that will support growth in the middle to long term. Future success will require scaling automation efforts, preparing operations to sustain large-scale business transformation and enabling the workforce to support processes in a technology-led operations function.

Questions Your Peers Are Asking

- How do we better use data and analytics to create value for customers and the business?
- Where do we prioritize investments to create a future-focused cost-effective operations function aligned with business priorities?
- What are some best practices to simplify, automate and augment core processes (e.g., lending, onboarding) for speed and efficiency gains?

Recommended Content

 Some recommended content may not be available as part of your current Gartner subscription.

- Tool: Assessment for Prioritizing Hyperautomation Projects in Financial Services Operations
- Case Study: Automated, Technology-Driven SMB Credit Lending (WeBank)
- Principles for Building a Strong Operations-IT Partnership
- Engaging FS Operations Employees About the Value of Technology

Planned Research

- Updated tool on robotic process automation opportunity spotter
- Updated Ignition Guide on automation change management
- Updates on how synthetic data is creating new opportunities in banking

Life and P&C Insurance

The life and P&C insurance industry continues to evolve on a global scale; the pace of change varies in each line of business and geography. Insurers need to find new strategies to distinguish themselves and gain a competitive advantage. Insurance enterprises must improve their response to consumers' behavioral shifts and product needs, generate enterprise intelligence and work with ecosystem partners and insurtechs.

Questions Your Peers Are Asking

- How do we differentiate our customer, employee and partner experience?
- How can we drive business agility and resilience?
- How do we assess and prepare for the impact of ecosystems and new insurance business models?

Recommended Content

 Some recommended content may not be available as part of your current Gartner subscription.

- The Future of Insurance: Vision for 2027
- Generative AI Hype Slows Down While Adoption Rises in Insurance
- Case Study: Ecosystem to Meet Changing Customer Lifestyle Needs
- Infographic: The Future Role of the Claims Administrator in Insurance

Planned Research

- Insights on insurance customer behavior and attitudes
- Insights on how to improve the productivity of insurance agents
- Top business trends in insurance

Retail Banking

Retail banks face competitive shifts on a number of fronts. Customer needs are always evolving in response to economic, social and technological forces, meaning highly adaptive customer experience and engagement strategies are paramount. An elevated rate environment, new technology and economic uncertainty have also upended reliable methods of sales execution. Success requires firms to ensure their core product set is competitive while innovating new products that create new revenue sources.

Questions Your Peers Are Asking

- How can we improve deposit growth in retail banking?
- How are consumers' needs and preferences for working with their bank evolving?
- How can we organize the front line to free up capacity to focus on sales pipeline building and execution?

Recommended Content

 Some recommended content may not be available as part of your current Gartner subscription.

- Millennials and Gen Z Still Need Bank Branches
- Overcoming the Retail Banking Talent Shortage by Improving Current Frontline Performance
- 5 Models That Will Define the Future of Your Branch Footprint
- Case Study: Customer Lifetime Value-Powered Analytics (Seacoast Bank)

Planned Research

- 2024 industry trends in retail banking
- Drivers of customer retention in retail banking
- Insights on how to improve the productivity of the frontline in retail banking

Wealth Management and Investment Services

The need for financial advice remains as important as ever in the current investment environment, and the promise of digital-led engagement has not produced the scale or cost savings initially hoped for by wealth management firms. To drive successful experiences that support clients and revenue simultaneously, wealth management firms need to invest in new product and solution innovations that align with clients' demands for convenience and highly customized advice.

Questions Your Peers Are Asking

- How do we create and manage fee-based products and services that are valuable for our customers?
- How do we set ourselves up to engage attractive customer segments, such as the next generation and mass affluent customers?
- How can we engage and retain advisors?

Recommended Content

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- Insights to Attract and Retain Next-Generation Wealth Clients
- Quick Answer: How Can FS Wealth Management Leaders Help Advisors Improve the HNW Client Experience?
- Case Study: Talent-Driven Advisory Model Shift (Charles Schwab)
- Ignition Guide to Creating a Wealth Advisor Coaching Program

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- 2024 industry trends in wealth and investment management
- Insights on how to improve sales enablement practices for advisors
- Trends shaping the evolving role of advisors

Suggested First Steps

- Ignition Guide to Strategic Planning
- Finding the Successful Strategy for Growth During Disruption in Financial Services
- Transforming Culture to Streamline Agilelike Methodology Adoption

Essential Reading

- What Generative AI Means for Your Talent Strategy
- How Financial Services Executives Can Improve Returns on Technology
- Investments How the Largest Global Banks Are Using Digital and New Business Models to Compete and Win
- Tool: Product Innovation Use Cases for Financial Services
- The Key Steps to Begin Customer Journey Mapping

Related Priorities

Initiative Name	Description
Executive Leadership: Workforce Dynamics	This initiative helps organizations effectively design and implement an enterprise-wide talent strategy to drive better organizational results in an environment of constant disruption.
Banking Industry Technology Insights	This initiative focuses on the critical technology decisions that banks need to make in support of products and services for consumer and corporate clients.
Life and P&C Insurance Industries Tech Insights	This initiative prioritizes technology investments in insurance, from legacy modernization and digital optimization to new technologies that can support digital transformation.
Investment Services Industry Technology Insights	This initiative builds on our investment services resources, enabling asset and wealth management firms to drive digital business acceleration by optimizing and modernizing their digital capabilities.

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Actionable, objective insight

Position your IT organization for success. Explore these additional complimentary resources and tools for CIOs:

Research

What Financial Services Executives Need to Know About Boards' Priorities

Align investments with the priorities of board members.

[Download Now](#)

Infographic

2024 CIO Agenda Insights for the Banking and Investment Industry

Discover top industry tech trends, challenges and priorities in 2024.

[Download Now](#)

Webinar

The Gartner Predictions for 2024: Financial Services

Extrapolate future market trends to increase business value.

[Watch Now](#)

Research

What Bank CIOs Will Do to Deliver IT Workforce Skills

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