As macroeconomic uncertainties intensify, retail banks are contending with deep, fundamental shifts. Consumers are clamoring for guidance and support during stressful economic times. This is critical to maintaining trust.

Globally, retail banking business performance should be favorable, but housing market stress and regulatory scrutiny on fees could prove challenging in some regions. As customers access services across multiple channels, organizing around end-to-end customer experiences instead of narrow product lines should be a priority.

As banks become more forceful in advancing environmental, social, and governance (ESG) efforts, retail banks should be bold and inventive in solving pervasive problems, such as housing inequity.

Operational risks and regulatory expectations are evolving rapidly and require banks to adopt new methods of managing risks, such as transitioning from periodic reviews to continuous monitoring, and limiting the use of third-party data.
Higher interest rates, inflation, and low GDP growth portend mixed fortunes for consumer payment firms.

Despite the uncertainties stemming from the macroeconomic environment, there is one inevitability: the onward march of digital payments on multiple fronts.

Institutions across the value chain should expand roles beyond transactions to unlock new value and deepen customer relationships.

They should realign business models to capture new value from innovations, such as digital assets and faster payments.

Payment fintechs could see a wave of consolidation and rightsizing, with the focus shifting from revenue to profitable growth.

An active year in payment regulations worldwide is expected in the areas of consumer protection and digital assets, with a particular focus on clear and consistent standards to foster innovation.
The wealth management industry is at an inflection point. The boundaries of investment advice are expanding, prompting a shift from product focus to client-centricity. A confluence of forces are redefining how financial advice is generated, delivered, and consumed. Democratization of advice and convergence across domains, within and outside consumer finance, should push wealth managers to offer holistic solutions. Front-to-back digitization is paramount to achieve greater efficiency and superior customer experience. In the US, Reg BI, the DOL’s Fiduciary Rule, and a number of regulatory priorities across topics such as cybersecurity and ESG are driving big shifts across firms, requiring them to revisit products, processes, and workflows. Wealth managers must be bold in reshaping business models and building a defensible, scalable, and cost-efficient franchise.
Despite a loyal client base, commercial banks will likely face fierce competition to win a greater share of clients’ wallets. High inflation, recessionary concerns, supply chain challenges, and the minimum corporate tax rate could decelerate corporate demand for capital investments, but demand for working capital could remain robust.

Relying solely on interest income may not be enough. Banks should expand their share of wallet with nonlending, transaction banking products to deepen relationships. Corporate clients’ demands for bespoke digital solutions, data-rich solutions, and specialized advice will likely require banks to excel at a new client service model.

The fight against climate change presents a massive opportunity for banks to mobilize finance to aid corporate clients’ transition to net-zero carbon emissions.
While cash management and trade finance should witness strong demand, the outlook for treasury is mixed and somewhat weak for prime brokerage. Custody business should remain steady.

The focus should be on building a modern, efficient, scalable technology platform to provide a holistic, real-time view of client transactions, and enable insights and innovation.

In corporate payments, SWIFT’s move to ISO20022 should begin a new wave of payments modernization. However, emerging alternatives to SWIFT could risk fracturing the international payments system.

Supply chain transformation should create new opportunities for banks, in the form of greater advisory, analytical, and risk management support, in addition to new ways of financing.

Meanwhile, treasurers will have to juggle multiple priorities around risk management, liquidity and funding optimization, cost control, and recruiting and retaining quality talent.
Not every investment bank may have the scale and capacity to weather the unique and uncertain market dynamics at play.

Market volatility should offset the downward draft in advisory and underwriting businesses, as trading continues to be a reliable source of revenues.

Investment banks should preserve their role as capital market intermediaries in the wake of deglobalization, the rush toward a green economy, and the rise of private capital.

Cost controls could become a higher priority given the macroeconomic environment, tight labor market, and rising talent costs.

Accelerating digitization will remain key to unlocking future sources of value.

Investment banks should selectively seek out startups/fintechs that can bolster post-trade operations such as reconciliation and settlement.
Market infrastructure providers are reimagining the services they provide to buy- and sell-side institutions across the value chain. Significant challenges lie ahead, including increasing competition and mounting pressures from global regulators. Massive investments in tech upgrades could be necessary to accommodate rising customer expectations, including cloud-enabled microservices, flexible access and pricing for real-time data feeds, and tools that automate trading workflows.

The industry should continue to build out infrastructure that can usher in transformative forces, such as the transition to the Net Zero economy and tokenization of financial assets. The proliferation of digital assets is leading to new exchanges and business models as operators race to provide clients with a full suite of products in one frictionless experience.

For additional information, please refer to the full report:

[www.deloitte.com/bankingoutlook](http://www.deloitte.com/bankingoutlook)