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To Remain a Force for Good, Banks Must Boldly Integrate AI and Earn a Broader Mandate

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Executive Summary

2024 was a solid year for the global banking industry—if viewed in isolation. Nevertheless, that growth can't mask the deeper structural challenges that the industry faces, including margin pressures, shifting investor preferences, and intensifying competition.

As always, performance varied by region, and some sectors fared better than others, but profits rebounded and are broadly in line with the cost of equity. In addition, investors displayed greater confidence in the industry. The danger for banks, however, is that this performance may be an outlier, bolstered primarily by external factors and therefore unsustainable. Here is a summary of the main points:

- **Financial services revenues are growing—but banks are not capturing their fair share.** Significant value is migrating to a range of players, including fintechs, digital attacker banks, private credit funds, and nonbank liquidity providers (such as market makers). Meanwhile, maturing digital assets appear to be on pace to cause significant disruption, with most banks currently on the outside looking in.

- **What ails banks?** A secular decline in fee income generation, a struggle to lift productivity and scale the business, and underutilization of balance-sheet management as a value driver are combining to challenge the industry. Investors are making their skepticism clear, with low valuations in multiple geographies.

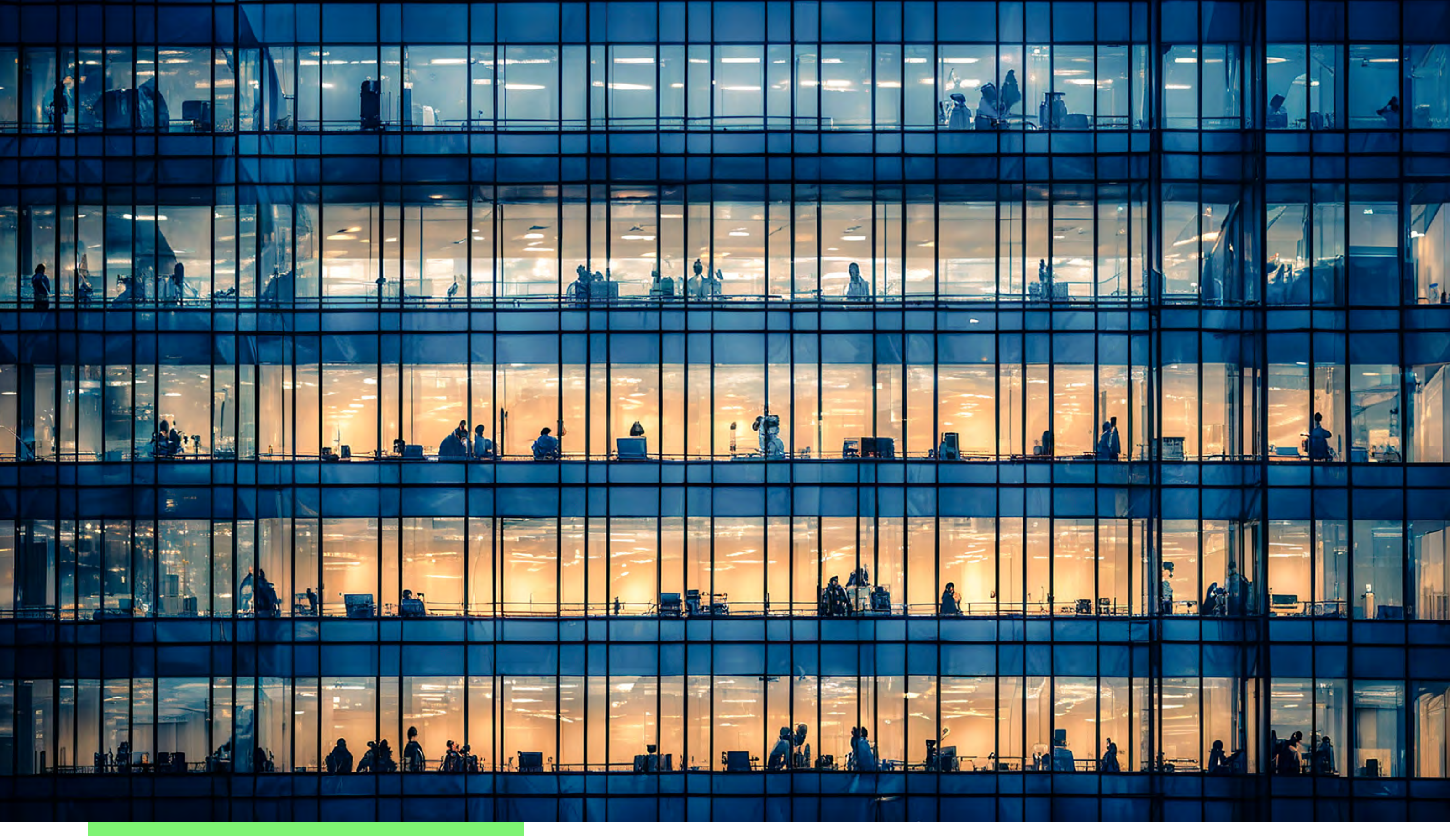
- **There are pockets of outperformance.** Despite the challenges, some banks consistently outperform their peers through execution excellence and a focus on attractive businesses. These frontrunners are increasing the distance between themselves and followers, particularly in terms of valuation.

- **What sets leaders apart?** We observe three patterns that the market tends to reward: scale—not size—of domestic market leadership; the ability to generate a superior share of fee income; and market-leading productivity.

- **There are four winning stances.** Today's leaders in banking typically pursue four strategic approaches: front-to-back digitization; customer centricity; focused business models; and M&A champions. Banks can take more than one of these approaches, but all of them require strong digital capabilities. Although the strategies themselves are not new, most banks struggle to implement them at scale and with the necessary focus.

- **AI, a game changer if implemented boldly with focus, may not be enough.** If AI has not yet delivered for all banks, that may be due more to challenges in scaling and a lack of holistic adoption by employees and customers, than to issues with the technology. As agentic AI and machine voice emerge as even greater productivity levers, winners will take a bold but focused approach to incorporating them. AI alone may not be sufficient, however. Much of the potential value could be captured by nonbank players that are currently better positioned to benefit from its applications.

- **Regulations must reflect a new grand bargain.** If banks are to continue to fulfill the crucial role that they play in society, we believe that policymakers need to articulate a framework for ensuring that banking remains a profitable business while maintaining strong risk controls and oversight. This is not a call for less regulation. It is a call for simplification, harmonization, and modernization—recognizing that a rapidly changing world demands updated thinking across a range of banking issues, including innovation, distribution, connected commerce, synthetic scale, and digital assets. Our discussions at this year's IIF and IMF/World Bank spring meetings showed a broad awareness of this challenge. Global regulation must deal with two competing paradigms—fostering economic competitiveness and efficient regulation while pushing for common global standards. This moment requires a redefinition of the role that banks should play in today's society and economy.



Introduction

Any assessment of the state of the global banking industry and its prospects for the future will reflect the perspective that the appraiser brings to the task. Given its performance in 2024, an observer might pronounce the industry in good health, with significant growth and healthy profitability (albeit with regional variations). A closer examination of the details, however, discloses that this positive performance goes only so far toward recouping past losses, and that it is also connected to current externalities. Underlying bank business models have not changed significantly and remain vulnerable. This closer look reveals structural challenges that raise fundamental questions about the future of the industry.

In our report last year, which examined the banking industry's evolution from the global financial crisis (GFC) to 2023, we noted that banks were trading at a significant valuation discount compared to other industries and to historical averages.[1] Overall, 75% of global banking equity was trading below book value. However, we also noted that banks could create at least $7 trillion in value by taking their fair share of the growth in the broader financial services industry. To do this, banks need to develop a business portfolio that focuses on areas where they have a right to win, and then adjust the operating model and productivity levels to deliver scalable growth in the areas of focus. Perhaps most importantly, banks need to embrace radical change, not just because they are facing an array of old and new competitors that threaten their direct relationships with customers, but also because a radically altered operating model could significantly increase cost efficiency.

Exciting advances in AI, generative AI (GenAI), and agentic AI hold considerable promise to accelerate this radical change. But these technologies are a double-edged sword that can help nonbank attackers as much as they help banks. Therefore, in this report, we raise the question of how to redefine banking on the edges in order to reinforce its role as a robust economic actor in society. Furthermore, recent geopolitical volatility has increased the risks that banks face in terms of their revenue streams (for example, trade and capital flow disruptions) and their balance sheets (for example, credit and rate exposures).[2] Such additional risks accelerate the need for radical movement toward higher efficiency.

1. "**To Seize a $7 Trillion Opportunity, Banks Need Bolder Strategies for Serving Customers and Society**," BCG, January 2024.
2. "**Banking on Uncertainty: Thriving Through the Tariff Storm**," BCG, May 2025.

Too Good to Be True: Was 2024 a True Recovery?

From a value creation perspective, the banking industry performed well on average in 2024, with total shareholder return (TSR) outpacing the broader markets over the past year across nearly all geographies (30% TSR for banks globally from June 2023 to June 2024, compared to 19% for the market as a whole). Over a longer five-year horizon, banking returns have been at par with the average stock market movement, and a handful of geographies (for example, the Eurozone, Japan, and the Middle East) have outperformed the market.

Profitability has recovered since the GFC and is in line with cost of equity across a broad geographical range. Europe and India, in particular, saw a further increase in return on tangible common equity (RoTCE), as Europe's balance-sheet-heavy banks continued to benefit from the impact of higher rates. Japan, China, and South Korea saw lower RoTCE levels due to their different rate environments. (See **Exhibit 1**.)

Of course, recent macro developments—including tariff disruptions in April 2025 and the associated macroeconomic volatility—are likely to influence various aspects of the banking sector, from credit markets and interest rate dynamics to consumer confidence and investment behavior. Although these developments are already creating ripples across financial markets, the specific implications for banks in terms of risks and potential opportunities are still unfolding.

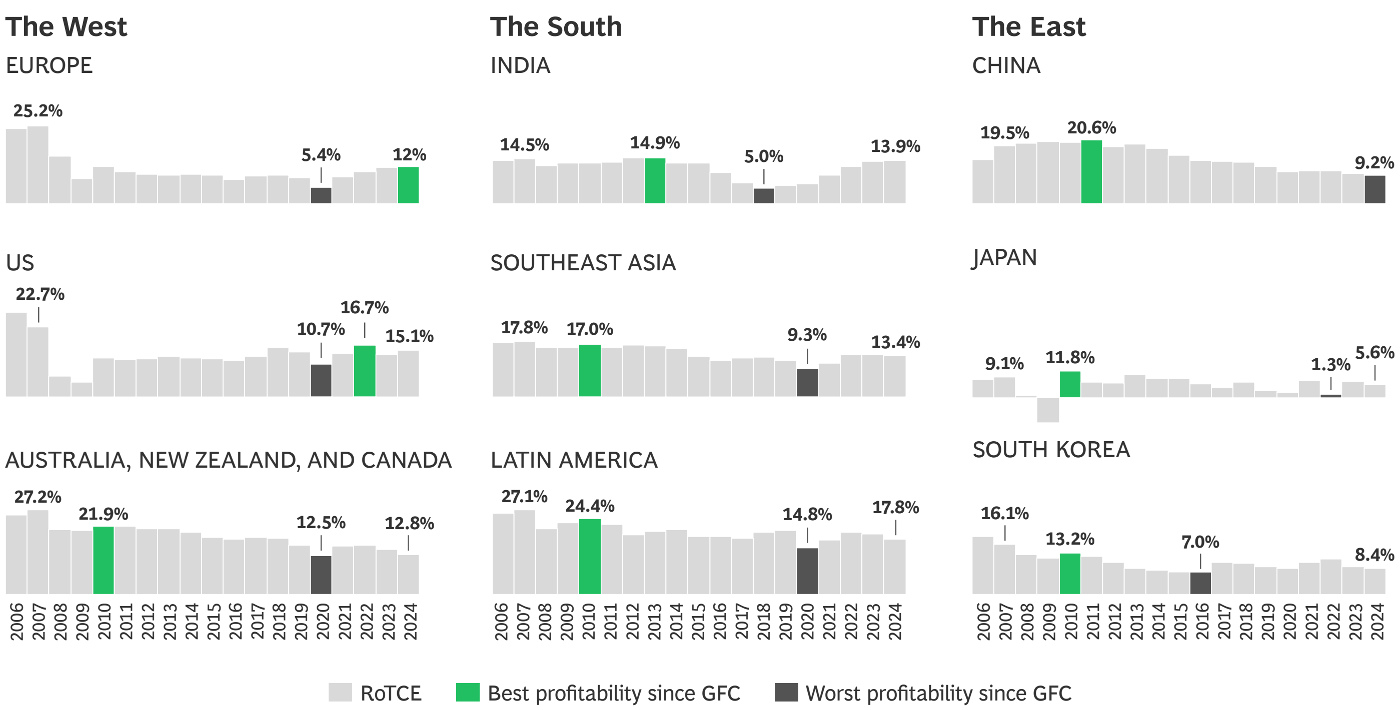
Banking leaders and stakeholders in Europe, the US, and some other markets have every right to enjoy the industry's strong recent performance. But is this performance the result of banks having addressed the fundamental challenges they face—rendering the performance sustainable and putting banks on track for long-term value creation—or was it driven largely by external factors?

In this year's report, we examine this question and explore how banks can set a sustainable course for value creation fueled by robust growth and supported by a scalable operating model. We also discuss the role of regulators and policymakers in setting the stage for banks to successfully play their critical role in the economy.

EXHIBIT 1

Diverging Performances

Europe enjoyed its best profitability since the global financial crisis, but the picture is very different from the West to the South to the East



Sources: Capital IQ; BCG Value Science Center; BCG analysis.
Note: This analysis considered 1,122 publicly listed banks. RoTCE for each geography was calculated as a weighted average based on the tangible common equity of the banks. In this exhibit, Europe comprises Eurozone Europe, non-Eurozone Europe, and the UK. GFC = global financial crisis; RoTCE = return on tangible common equity.

Financial Services Revenues Are Growing, but for Whom?

The top line of the banking industry has been growing over the past five years at a CAGR of 4%. However, it is important to disentangle the sources of that growth.

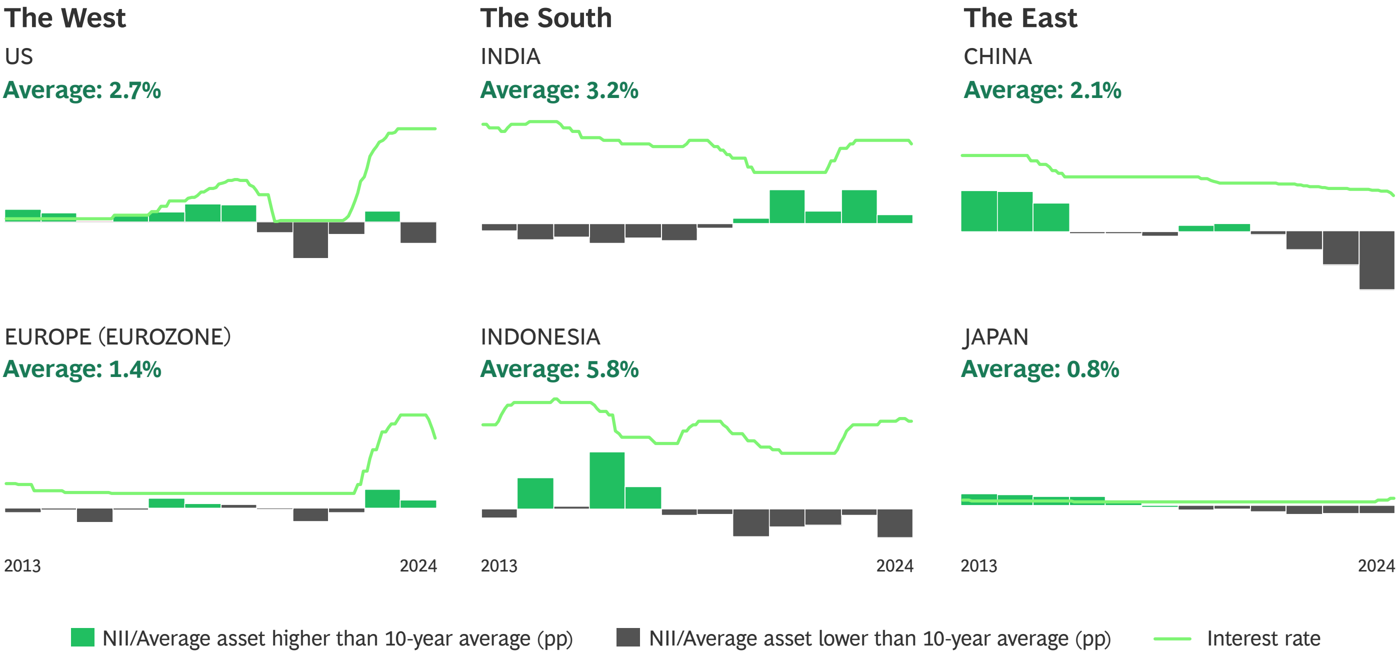
In absolute terms, net interest income (NII) contributed approximately 85% of the growth in total revenues. In CAGR terms, NII grew at 5.2% over the period, and the primary driver was balance sheet growth (5.8% CAGR), which has been slightly faster than nominal GDP growth (4.1%) during the same time frame. There has been a minor decrease in net interest margins over the period (–0.6% CAGR), despite a sharp increase in some geographies, such as Europe, in the past two years as a result of rising rates. (See **Exhibit 2**.)

Noninterest income, which is mostly capital-light and therefore a key driver of profitability, grew at a CAGR of just 1.8% in absolute terms, with noninterest income productivity (noninterest income divided by assets) decreasing by 18% over the five-year period.

EXHIBIT 2

Three Different Worlds

Unprecedented rate swings with direct consequences to bank profitability—amplitudes vary dramatically between extremes at the West and the East



Sources: Capital IQ; BCG Value Science Center; BCG analysis.
Note: This analysis considered 1,122 publicly listed banks. NII to average asset ratio was calculated as the weighted average ratio of NII to average asset. Interest rate as set by the central bank of each country or region. NII = net interest income; pp = percentage points.

More broadly, however, financial services revenues are growing at an even faster pace. The challenge for banks is that value is migrating steadily away from them and toward nonbank financial institutions and digital attacker banks—and in many cases, competitors other than traditional banks are generating new revenue pools. To compound the challenge, nonbank attackers are targeting and making inroads into attractive, capital-light financial products and services. Even though banks currently command a larger share of the balance sheet, it is unclear whether they will remain central to financial services and retain their valuable multiproduct relationships with customers, or instead increasingly become providers of commoditized banking products, while customer primacy moves to nimble, technology-driven players. (Other questions arise as well: Should policymakers permit the traditional banking model to become marginalized as a result of new rules and open competition that society may prefer? Or should they push for a redefinition of the social contract between banking and society to enable banks to thrive as a force for good? We address those questions in **Chapter 6**.)

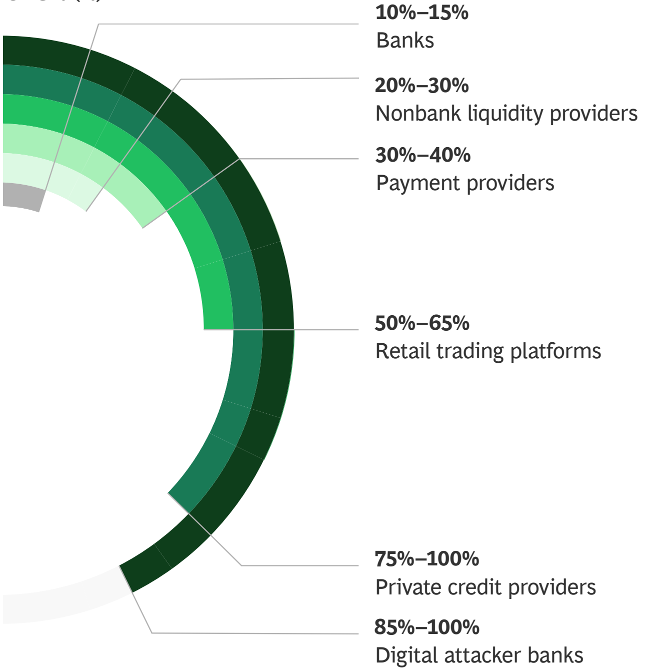
Value is migrating steadily away from banks and toward nonbank financial institutions and digital attacker banks—and in many cases, nontraditional bank competitors are generating new revenue pools.

Growth of Nonbank Financial Institutions Is Set to Accelerate

The problem for banks is that customers have more options and transparency than ever—for example, in a digital and mobile world of retail products—and are increasingly able to switch easily to alternative services for their financial needs. In the retail space, the rapid rise of digital attacker banks and trading platforms provides evidence of this shift; and in the corporate and institutional banking space, private credit providers have flourished. Even some relatively established players such as payments providers have grown at a significantly faster rate than banks.

These companies are increasingly eating into the earnings of traditional banks. (See **Exhibit 3**.) Moreover, relatively new players are likelier than traditional banks to unlock new revenue pools, thanks to their greater focus on innovation. As we found last year, the resulting superior growth enhances their attractiveness to investors, as reflected in the valuations that several of these players achieved.[3]

Five-Year Revenue Growth of Selected Top Performers from the Segment

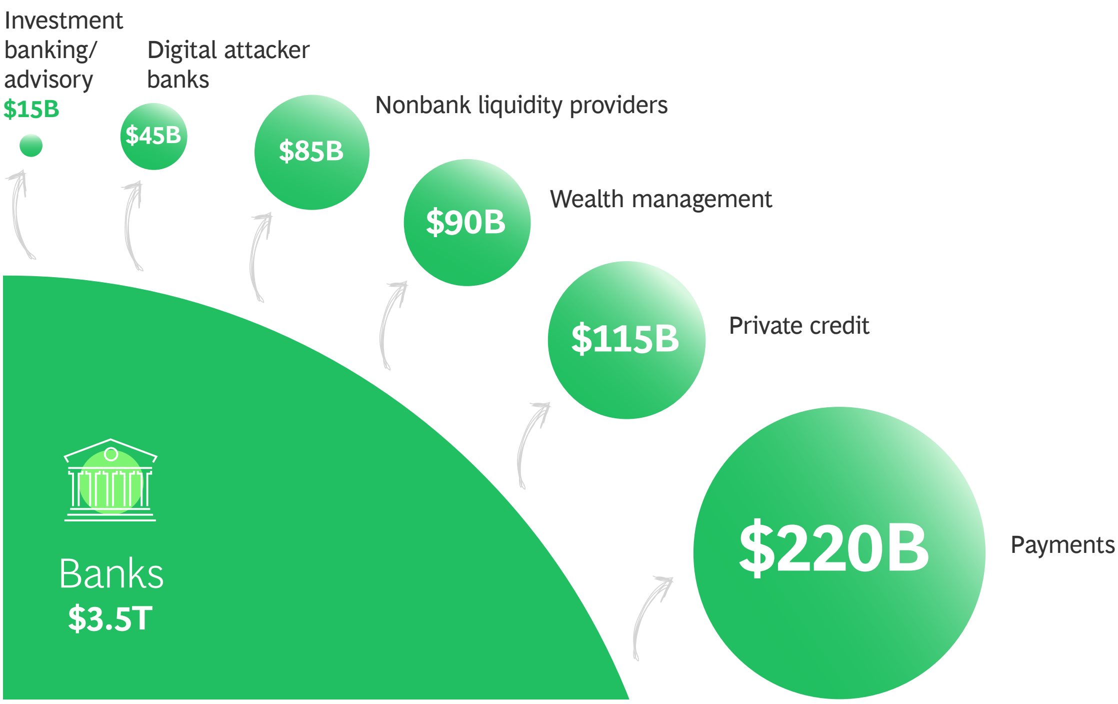


Sources: Capital IQ; company filings; press search; BCG analysis.
Note: "Top performers" are players that rank in the top decile.

EXHIBIT 3

Value Migration to Focused Models Is Set to Accelerate

ESTIMATED REVENUES IN 2023



Source: BCG analysis.
Note: Circle sizes are proportional to estimated average global annual revenues in 2023. Values reflect revenue pools captured by each segment based on BCG analysis. Arrows indicate migration of value away from traditional banks.

3. "**To Seize a $7 Trillion Opportunity, Banks Need Bolder Strategies for Serving Customers and Society**," BCG, January 2024.

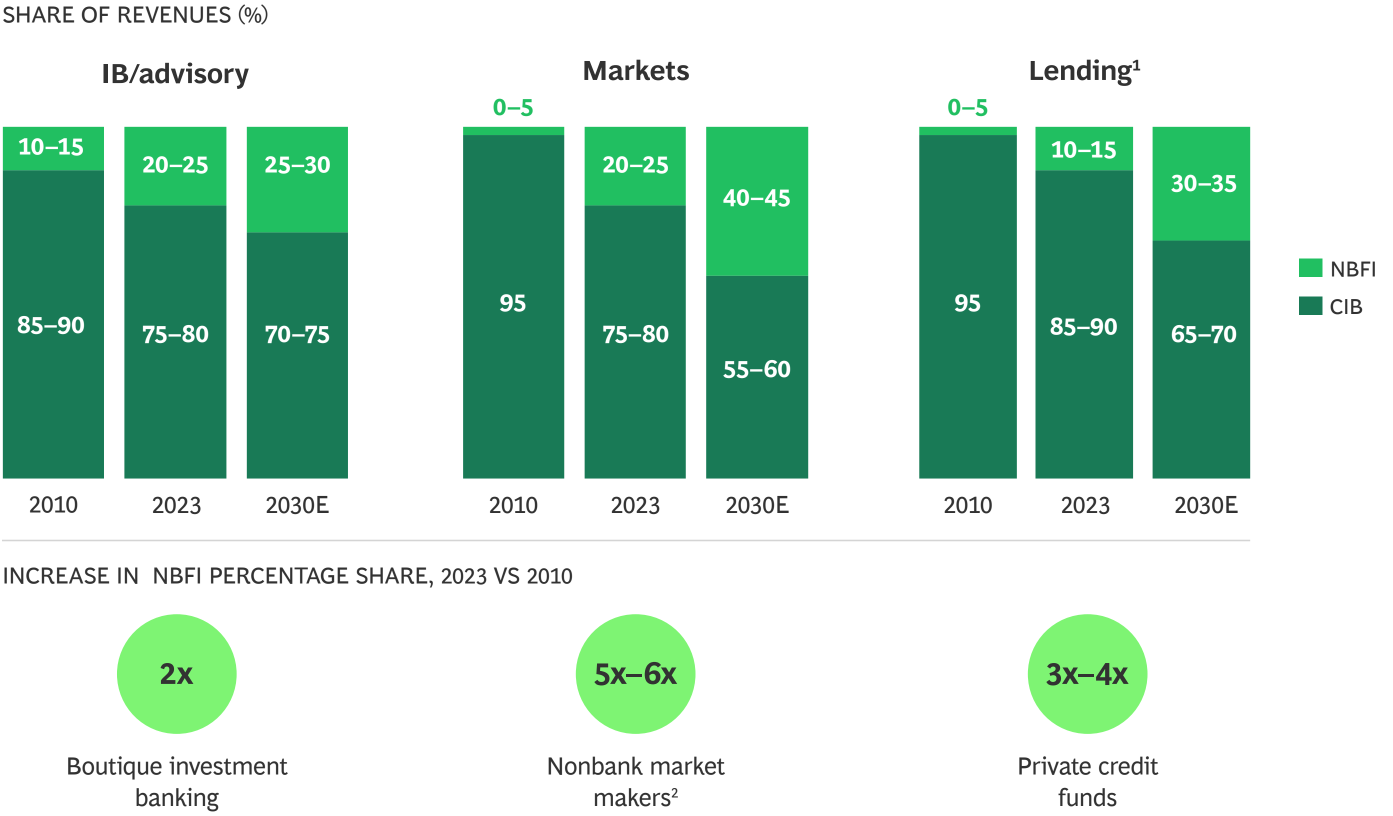
For example, retail trading has expanded significantly in recent years and now accounts for approximately 20% of US equity trading market volume—double its level of a decade ago, with peaks exceeding 30% during surges like the 2021 retail trading boom. One major engine driving this shift has been the rise of innovative, commission-free nonbank trading platforms, which have attracted clients migrating from incumbent banks, and also drawn millions of new traders through seamless digital access, user-friendly interfaces, and fractional investment options.

In corporate and investment banking, too, nonbank players have seen significant increases in share of revenues, in lending (private credit), in fee businesses (investment banking, advisory, and global markets), and in provision of nonbank liquidity.[4] (See **Exhibit 4**.) Nonbank market makers have played increasingly dominant roles in equity trading, and boutique advisory firms continue to climb the league tables. In corporate lending, private credit has been gnawing away at bank share, particularly in the US. The potential retailization of private credit could provide additional impetus for this shift in revenues.

More optimistically, banks have a significant opportunity to form partnerships with the new players. For example, banks can partner with private credit players and still earn origination and fee-based revenues, with little or no additional capital required. As we noted recently, however, it remains unclear whether the long-term revenue upside from these partnerships will outweigh two major contrary factors: the impact of relinquishing net interest income through direct lending opportunities, and increased competition from partners for fee-based revenues.[5]

EXHIBIT 4

Bankers vs. Specialists: The Revenue Realignment in Corporate and Institutional Banking

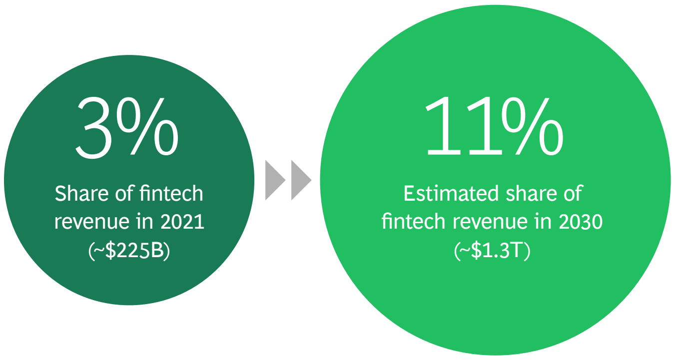


Sources: BCG analysis; BCG Expand data.
Note: Estimated figures for 2030 assume that the growth rate for each segment will continue in line with the historic rate. CIB = corporate investment and banking; IB = investment banking; NBFI = nonbanking financial institution.
[1]CIB lending pool includes commercial lending ($10 million–$500 million player size) and corporate lending (more than $500 million player size).
[2]Nonbank market makers exclude commodity traders, in line with the rest of the markets revenue pool data.

4. "**Embracing Value Migration: Corporate and Investment Banking Report 2024**," BCG, October 2024.
5. "**Capital Markets & Investment Banking Update 2024/2025**," BCG, March 2025.

Some Digital Attackers Are at Scale—Are They the Future?

Since the rise of fintechs, many banking executives have taken comfort in the fact that, despite the headlines, very few attackers have reached a degree of scale that threatens the primacy of traditional banks. Indeed, overall, digital attackers are still smaller than banks as measured by total revenues or share of deposits. But a clear growth trajectory is evident, particularly in markets such as Brazil, the UK, Poland, and South Korea. For example, in Brazil, regulators, customers, and the banking industry all treat Nubank as a mainstream bank. In fact, in several markets this trend has been developing since the end of the 1990s, when direct banking began to emerge. One sign of this trend is that 20% to 30% of retail customers in Germany now have an account at a direct bank or neobank. The leading digital attacker banks are scaling significantly, providing seamless, mobile-first banking experiences that target younger, digitally savvy customers, as well as base-of-the-pyramid customers that are too costly for incumbents to serve. This focus has helped challengers rapidly attract customer bases comparable to those of large incumbents—and gain the attention of investors, which have signaled their belief in the upstarts' potential for value creation. (See **Exhibit 5**.)



Sources: Global Fintech Report 2024; BCG analysis.

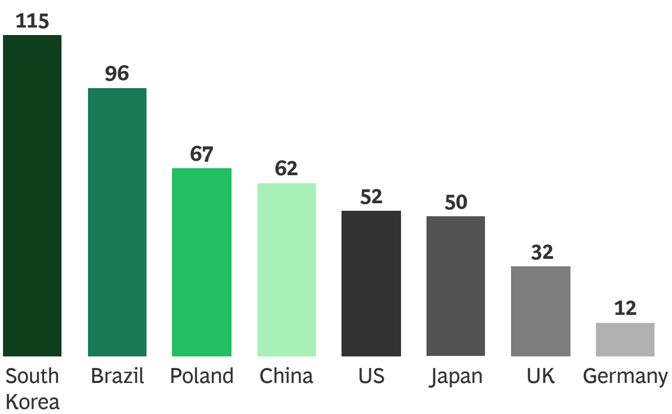
How do digital attacker banks achieve these impressive numbers? They start by offering a superior customer experience that resolves pain points in traditional banking to create streamlined journeys that draw users back again and again. In addition, the best attackers are positioned for rapid growth, thanks to modern technology stacks and front-to-back digitized operating models. This foundation allows them to scale and add business volume at low marginal cost. Most also adopt a product-led, digital-first approach, operating in an end-to-end manner that enables them to serve customers and clients at a fraction of the rate that incumbent banks pay. They relentlessly minimize human intervention in all processes, ranging from customer service and product operations to internal finance and risk processes.

EXHIBIT 5

Attacker Banks Have Gained User Bases and Valuations in a Number of Markets

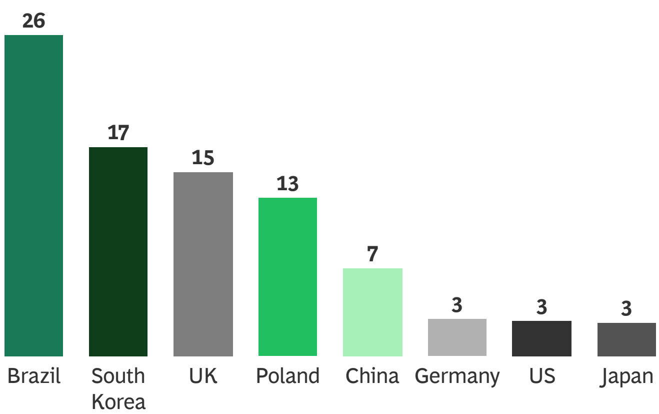
Digital attacker banks have built up sizable customer bases vs incumbents…

SIZE OF CUSTOMER BASE RELATIVE TO THE LARGEST INCUMBENTS (%)[1]



…and have managed to capture a significant share of value in some markets already

MARKET CAP OF ATTACKERS AS A SHARE OF TOTAL BANKING MARKET CAP (%)



Sources: Capital IQ; company websites.
Note: Market cap of industry taken on June 30, 2024. Market cap of digital attackers taken as of June 30, 2024, if publicly traded; if privately held, implied valuation taken from last funding round. If no funding round, valuation inferred by using comparable multiples. This analysis includes valuations of standalone digital attackers (e.g., neobanks) but excludes broader tech firms with embedded financial services (e.g., Amazon). In this exhibit, "China" refers to mainland China only.
[1]Number of customers for largest digital attacker bank as a share of average number of customers for the three largest incumbents in each market.

Fintechs do face some headwinds. Notably, in markets such as Spain and Poland, where incumbent banks invested early in digital excellence, new digital attackers have gained less traction. Conversely, new digital attackers have seen rapid adoption in markets such as Hungary, Ireland, and Greece, where incumbents were slower to formulate their digital propositions.

Further, regulators have begun taking a more hands-on approach in some geographies of late, imposing stricter compliance measures on fintechs to ensure financial stability. In addition, many fintechs designed their processes without integrating regulatory compliance (in connection with measures to constrain financial crime and fraud, for example), making the challenge a steeper one. These countervailing factors may slow fintech growth, but we think that they are unlikely to reverse the broader trend of value migration away from incumbent banks, as we noted in our Global Fintech Report last year.[6] Thus far, fintechs have shown significant growth despite the increased attention.

Digital Assets: Recognition Overdue?

Some executives think of digital assets as the frontier of financial services—interesting and intriguing, but more of a thought experiment than a threat. This is a perilous way for a banker to think. Real, disruptive use cases for digital assets are emerging in the spheres of payments infrastructure, peer-to-peer, and capital markets.

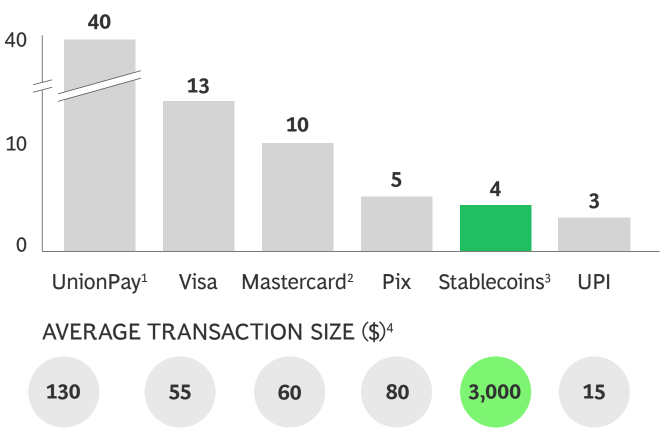
Despite not being a mainstream instrument yet, stablecoins already facilitate a significant volume of payment transactions. Stablecoins currently have a market cap of roughly $200 billion. (See **Exhibit 6**.) From remittances and cross-border payments to liquidity management and real-time settlement, stablecoins offer tangible benefits and are likely to continue to grow. As we detailed in a recent white paper, real-world examples—such as JPMorgan's JPM Coin—built on distributed ledger technology (DLT) demonstrate that stablecoins already address inefficiencies by enabling faster, more cost-effective transactions in real time.[7]

EXHIBIT 6

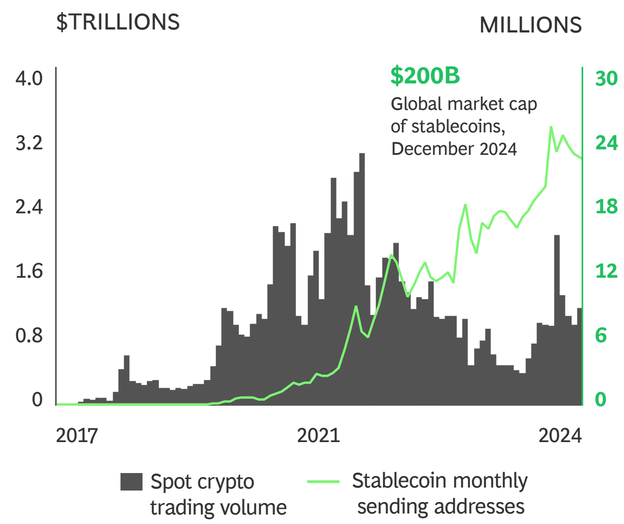
The Next Frontier of Financial Innovation: Stablecoins Process Significant Payment Transaction Volumes

Stablecoins are gaining traction

GLOBAL TRANSACTION VOLUME IN 2024 ($TRILLIONS)



Stablecoins have decoupled from crypto trading



Sources: Visa Annual Report; Mastercard Quarterly Reporting; Visa/CIV dashboard for stablecoins; Banco Do Brasil; NPCI; People's Bank of China reports; BCG analysis.
[1]UnionPay figures are for 2023, as 2024 figures not reported yet
[2]Mastercard volumes reported for Q1–Q3 2024; annualized figure shown in graph.
[3]Total stablecoin volumes were $26.1 trillion in 2024. However, only primary transactions—covering P2P payments, DeFi protocols, and centralized exchanges—are included in this chart. Secondary transactions—internal transactions, intra-exchange, and bots—and unlabeled transactions are excluded.
[4]Average transaction size was estimated by dividing transaction volume by total number of transactions for the period.

6. "**Global Fintech 2024: Prudence, Profits, and Growth**," BCG, June 2024.
7. "**Stablecoins: Five Killer Tests to Gauge Their Potential**," BCG.

If distributed ledger technology tokenization extends to property and other real-world assets typically financed by banks, it could fundamentally reshape secured lending. Our latest estimates suggest that $19 trillion in assets could be tokenized by 2033.

In a joint study with the Global Financial Markets Association, we found that DLT could unlock $20 billion annually in global clearing and settlement costs, and create a large global market for tokenized assets.[8] Our latest estimates suggest that $19 trillion in assets could be tokenized by 2033.[9] And some asset classes—for example, syndicated loans, corporate bonds—are in an advanced state of readiness for disruption. If DLT tokenization extends to property and other real-world assets typically financed by banks, it could fundamentally reshape secured lending.

For banks and their regulators, these projected figures raise the question of whether government and industry should accelerate the integration of digital assets with traditional finance. (See **Chapter 6** for more on this topic.) Given the current US administration's pro-crypto stance, the stakes are high for banks, and it may be in their best interest to act while the sector is in flux. The US is actively promoting stablecoin adoption, with initiatives such as the GENIUS Act and recent executive orders providing regulatory clarity to support stablecoin growth.

Growth in financial services is undoubtedly healthy, if not necessarily for banks. The overall value shift away from banks might seem relatively small so far, but its trajectory should encourage banks to take bold action to capture their fair share of the growth. The alternative is to ignore the signals and risk becoming commoditized providers of balance sheets and risk management, as nimbler, more focused competitors capture market share and customer primacy. Banks must address significant structural challenges if they are to assert their evolving role in serving the financial services needs of individuals and businesses large and small. Then they need to evaluate where to defend, where to partner, where to pull back, and where to innovate. In short, they need to set the stage for profitable growth.

8. "**Impact of Distributed Ledger Technology in Global Capital Markets**," co-published by BCG and the Global Financial Markets Association, May 2023.
9. "**Approaching the Tokenization Tipping Point**," co-published by BCG and Ripple, April 2025.

The Afterglow: Banking Has Not Yet Fully Adjusted to the Post-GFC Social Contract

The rules of the game for banking underwent a major overhaul in the aftermath of the GFC. The relationship between banking and society suffered a degree of fracturing, particularly in many major western markets. This changed relationship has created structural challenges for banks, exerting pressure on noninterest income, cost structure, and limitations on margins—particularly as a result of constraints on certain types of high-risk assets that banks may hold on their balance sheets.

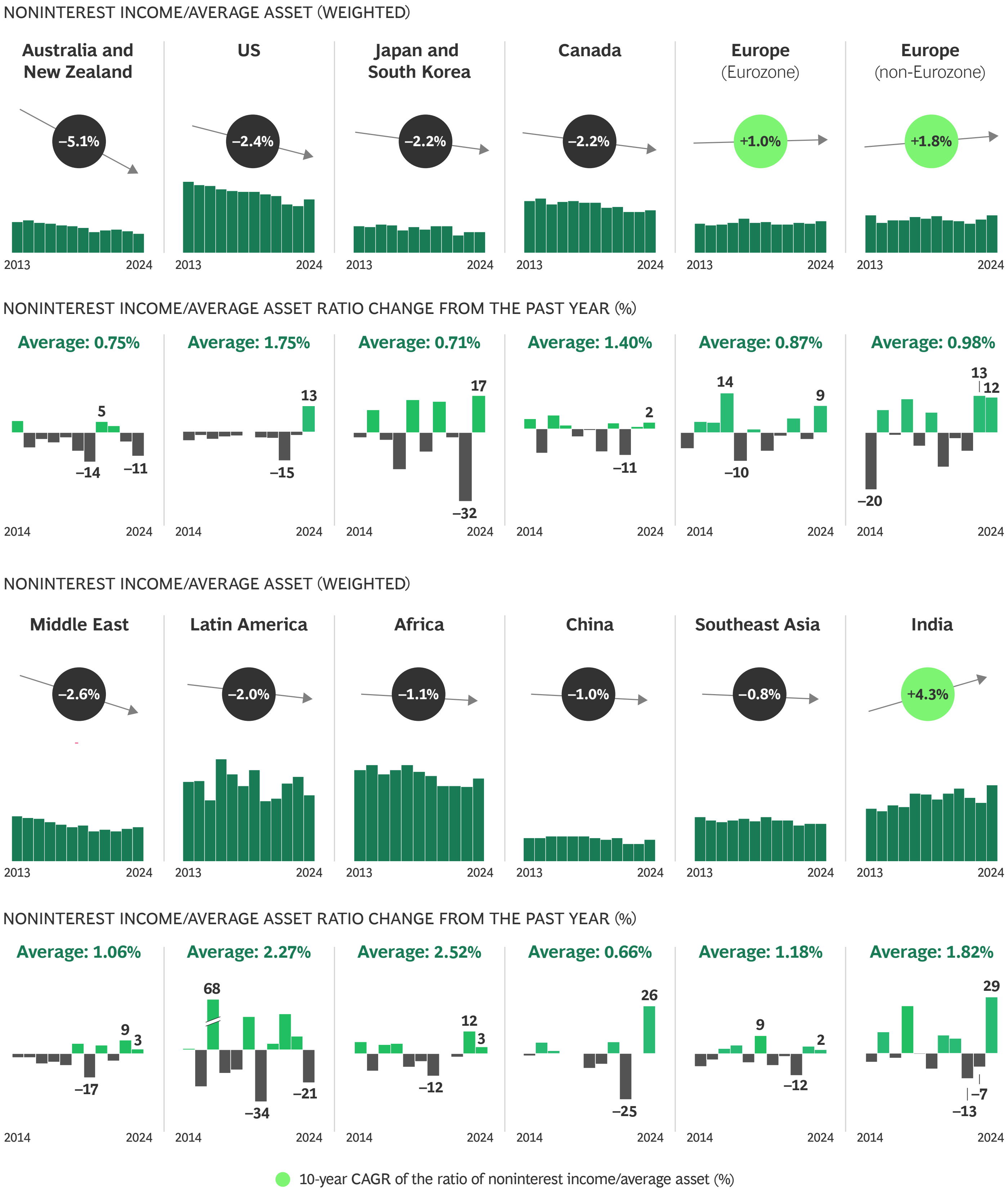
Secular Decline in Noninterest Income Generation

Across almost all markets, banks' noninterest income productivity (measured as the ratio of noninterest income to assets) has been on a long downward slide, with balance sheets growing faster than noninterest income. (See **Exhibit 7.**) This decline is particularly painful as several types of noninterest income tend to be less dependent on volatile macro trends and often are capital-light, making the category more value-accretive from a shareholder perspective.

We see some positive trends in some markets. In Europe, noninterest income has picked up recently across many banks—driven by, among other factors, higher fees from investment products and price increases for daily banking offerings. Nevertheless, these recent increases come nowhere near fully reversing the declines from the decade before. Similarly, in India, noninterest income has been rising on the back of growth in bancassurance and mutual fund distribution fees, benefiting from the significant increase in retail participation in mutual funds.

EXHIBIT 7

Most Markets Have Seen a Decline in Noninterest Income Productivity over Most of the Years in the Past Decade



Sources: Capital IQ; BCG Value Science Center; BCG analysis.
Note: This analysis considered 1,122 publicly listed banks. Fee income to average asset ratio was calculated as a weighted average ratio of noninterest income to average assets. CAGR = compound annual growth rate.

A number of factors have contributed to the decline in noninterest income. Beyond regulation of certain fees (for example, interchange fees in the EU), it is primarily the result of significant digital disruption that has boosted competition from new players (for example, payments and investments), increased fee transparency through price comparison platforms, and enabled customers to access products and services from a disaggregated set of providers.

Many banks struggle to counter these trends. Responding to the disruption presents traditional banks with a clear-cut choice—either to bring their proposition and user experience up to par with the competition or to partner with specialized players (for example, in cross-border payments). The latter can be a win-win for both partners: the customer pools that banks bring to the table are very attractive to new players, and scaling through partnering can be a more appealing way to gather new customers than pursuing costly marketing efforts. Another lever that can have a significant impact is pricing, although it is often not leveraged. (See Spotlight #1, "**Do Banks Shy Away from Pricing for Value?**") Ultimately, however, from an investor perspective, allocating capital to clients through lending will accrete value only if it generates adequate fees. This is not a new insight, but it is more relevant than ever in the context of rising capital requirements and increasing competition.

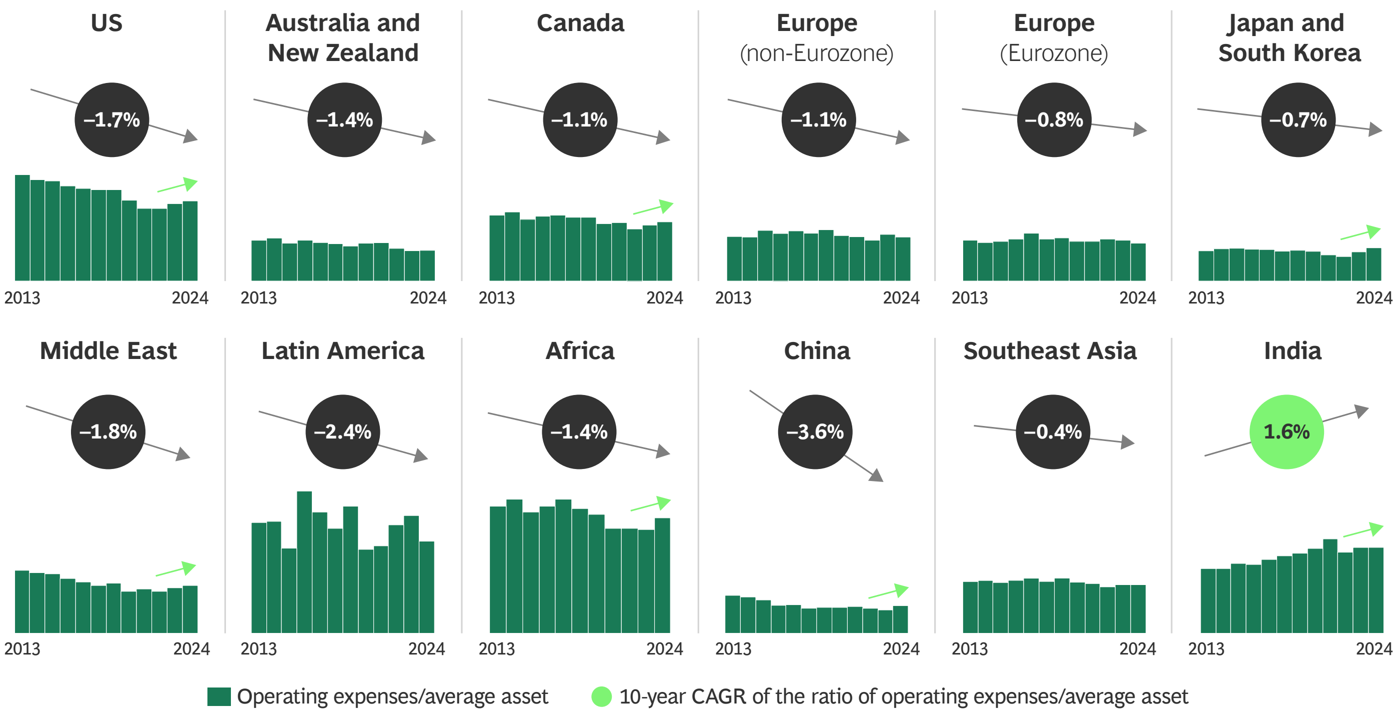
Cost Efficiency Gains Slowing: Is Digitization Hitting a Plateau?

As revenue concerns mount, banks face steep challenges on the cost side, too, despite years of significant investments in technology meant to gain tech scale and boost productivity. The recent decline in productivity—as gauged by cost/asset ratio—comes after several years of cost containment efforts by banks. (See **Exhibit 8**.) Costs increases have been particularly sharp in the areas of compliance and IT, more than offsetting efficiency gains in sales and operations. Of course, the elevated levels of inflation in recent years are being reflected in bank's financials as well. The reversal in costs is visible across markets and is even more stunning in view of the expectation that innovation around AI and GenAI and the benefits of investments into new tech and digitization would help banks increase productivity. One notable exception to the cost productivity trend is India, where banks have traditionally operated with low tech intensity, but significant growth in the market has helped sustain profitability despite rising costs.

From an investor perspective, this structural challenge for banks destroys value. But beyond that, new competitors are winning on productivity. For example, neobanks' cost-to-serve is often lower than that of traditional banks by a factor of 10. We expect this gap to widen because the new players have truly scalable models, while many banks still operate with high marginal costs for new business.

EXHIBIT 8

Cost Growth Has Been Contained in Different Markets, but the Past Three Years Have Seen a Reversal of the Trend on Cost Productivity



Sources: Capital IQ; BCG Value Science Center; BCG analysis.
Note: This analysis considered 1,122 publicly listed banks. Cost-to-asset was calculated as a weighted average ratio of operating expenses to average assets of banks within each geography. CAGR = compound annual growth rate.

SPOTLIGHT #1

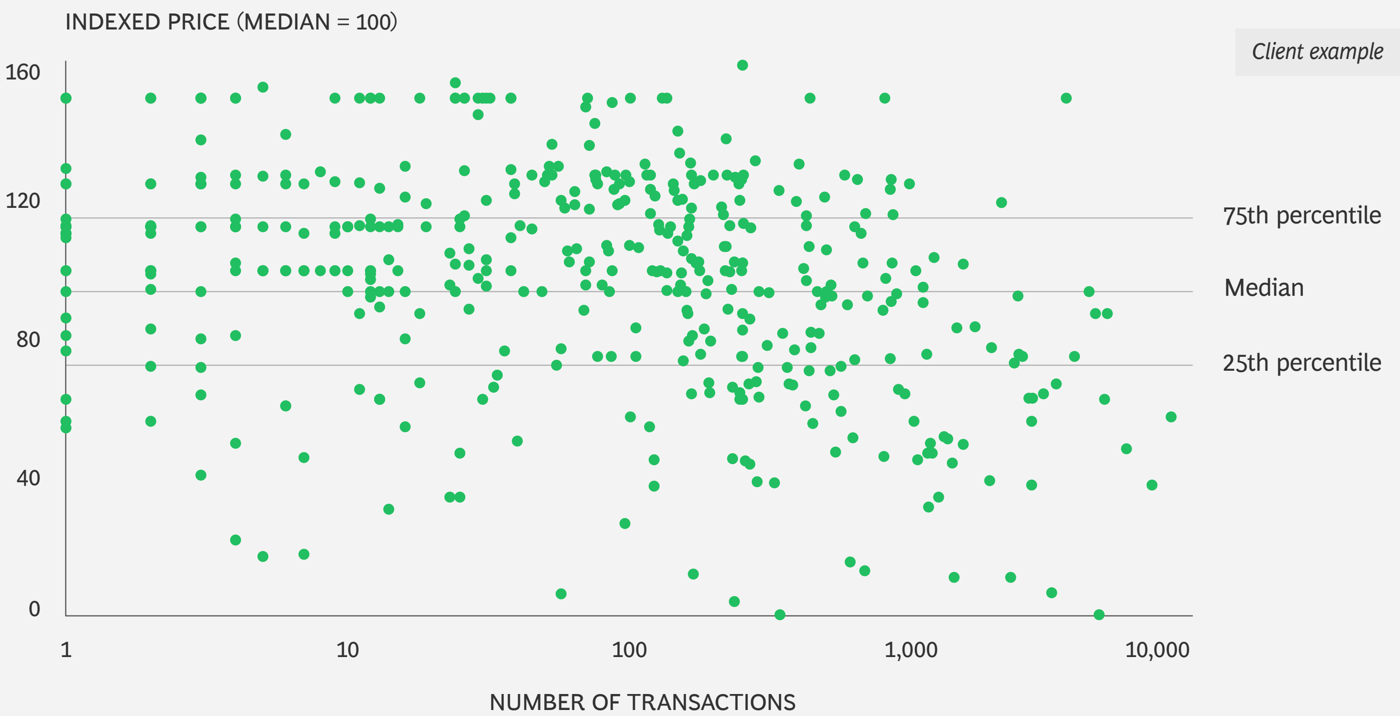
Do Banks Shy Away from Pricing for Value?

Most bank CEOs recoil at the idea of using pricing as a lever, due to lack of transparency on pricing or to risk of attrition. This reluctance is ill founded. Cumulative inflation in the Western world since 2021 is 22%, and while bank costs have gone up, most have not passed costs along to customers and clients.

Most financial products and services are subscription-type offerings with umbrella arrangements. This is especially true in services such as deposits and fee businesses (for example, treasury management and wealth management). In our experience, the terms of these arrangements vary wildly—with a twofold to fivefold variation in prices for similar clients with similar volumes, often due to unnecessary bundling. (See **the exhibit**.) In many cases, more than half of a bank's prices in a given service have gone unrevised for more than five years. Moreover, banks often negotiate away 30% to 50% of value during the sales process, in return for promises of future business that they do not rigorously follow up on.

In many cases, more than half of a bank's prices in a given service have gone unrevised for more than five years. Moreover, banks often negotiate away 30% to 50% of value during the sales process.

Pricing for Like-to-Like Clients Is Dispersed Widely (2x to 5x)



Source: BCG case/project example.

In our experience, capturing this benefit requires deep analytics and industrial execution. Six steps are particularly valuable:

- **Anchor on client price elasticity.** Clients are anchored to the current prices they pay, but even clients paying the same price do not have the same price elasticity. Analytically imputing this is critical to unlocking value. Banks should anchor prices to the perceived value of their services.

- **Update the price architecture.** Banks tend to have many old contracts structured on the basis of faulty pricing assumptions. As the bank recontracts clients, the price structure must reflect the real drivers of value. This does not mean simply moving clients up a single level, but selecting a reasonable range to reflect each client's elasticity.

- **Get buy-in from relationship teams.** Asking clients to pay more for the same service is almost foreign to RMs. The key is to get their buy-in early, protect them on the downside (in case of attrition), and train them in negotiations. At one Asian bank, a digital tool for loan pricing gave RMs visibility into prices that similar clients had recently finalized for identical products. This transparency dramatically improved the RMs' confidence in client negotiations.

- **Communicate with clients in writing.** Informing clients of pricing changes in writing is transparent and unambiguous, allows changes to be made at scale, and shields RMs from clients' initial emotions.

- **Run the programs centrally.** Centrally driven engagement with clients who want to discuss the changes permits small adjustments, and reduces client attrition to near zero. Running the program centrally also allows the bank to determine new prices analytically, as opposed to relying on RM intuition, and without prenegotiation of prices.

- **Enlist senior leadership as a role model.** Pricing discussions are not easy. Senior leadership can help by showing conviction and helping shape negotiation tactics.

The Big Unlocks Are in the Balance Sheet, Not Just in the P&L

Banks face a continuing structural shift with regard to their balance sheets. Capital has become more expensive, and recent interest rate volatility clearly underscores the challenges of managing interest rate risk, exposing flaws in balance-sheet strategies built to favor growth over efficiency.

Today, the balance sheet must be managed as a strategic asset, not just as a tool for funding or for adhering to regulatory ratios. Unfortunately, many banks—especially medium-size and small ones—lack the capabilities to effectively steer the balance sheet in this expanded way. Responsibilities remain fragmented, data and tools lack real-time forecasting functionalities, and banks are not steering profitability rigorously enough at either the individual client level or the portfolio level.

Low-return assets, underutilization of liquidity, interest rate mismatches, and suboptimal management of adherence to regulatory ratios (in the form of effective deposit modeling, for example) negatively impact profitability and hinder the efficient use of scarce resources. Besides harming current profitability, inefficient use of capital and careless deployment of funding diminish the potential for future growth. In response, banks must adapt. They need a coordinated, data-led approach that extends across business, treasury, and asset and liability management and is geared to optimize returns and generate long-term value.

In a time of macroeconomic volatility, understanding the impact on the balance sheet and the bank's business model becomes ever more important. As we outlined recently, banks also need a robust, integrated approach to proactive geopolitical risk management—scenario generation, identification of key risk drivers, macro-sectoral linkage, and translation of impacts into business-specific outcomes.[10]

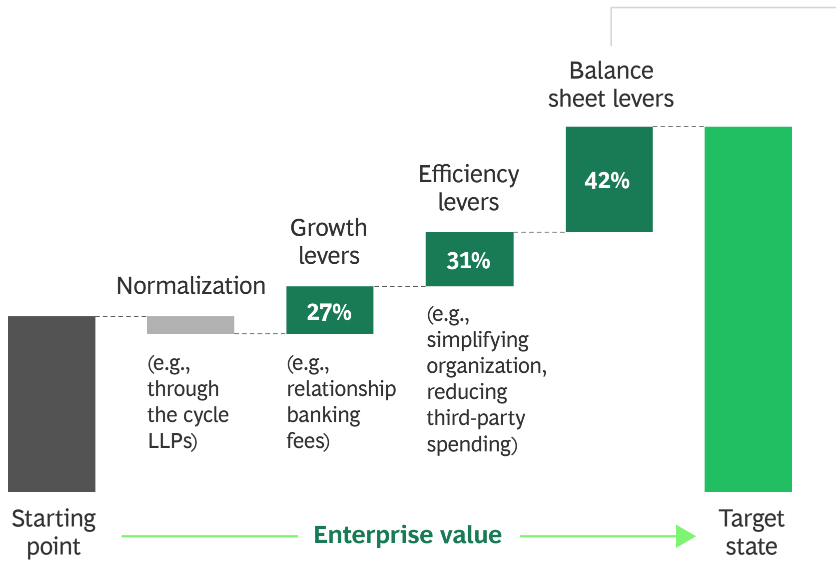
Our experience suggests that optimizing management of the balance sheet can result in a significant uplift in enterprise value. It can be at least as impactful as efficiency or growth levers. (See **Exhibit 9**.) One key lever is technical optimization of the balance sheet—reviewing the approach for operational deposits, for example, or checking the classification of deposits more broadly to optimize the liquidity position. Another is structural optimization of the balance sheet—for example, reviewing the share of different funding sources and improving active credit portfolio management capabilities.

EXHIBIT 9

The Balance Sheet, a Key Area for Driving Value, Is Too Often Under-Leveraged in Transformations

Client example

Value creation plan for a midsize US bank, where the balance sheet is the key value driver
Illustrative



An extensive toolkit is available to drive value in the balance sheet

Optimize liquidity management considering regulatory ratios—e.g., HQLA allocation, deposit modeling

Actively manage back book from an RWA profitability lens—repricing, divestments, etc.

Strengthen steering of front book—e.g., measure client profitability, apply hurdle rates

Optimize balance sheet structure—e.g., funding mix (higher share of low-cost deposits, etc.)

Establish originate-to-distribute models to improve balance sheet velocity—e.g., securitization, loan distribution to investors

Improve balance sheet steering—e.g., forecasting, strategic capital allocation

Source: BCG project example.
Note: Normalization consists of adjusting the baseline enterprise value to remove one-time or nonrecurring effects before estimating uplift. Value uplift is measured against a normalized baseline, correcting for one-time or non-recurring effects in the current enterprise value. HQLA = high-quality liquid assets; LLP = limited liability partnership; RWA = real-world assets.

10. "**Banking on Uncertainty: Thriving Through the Tariff Storm**," May 2025, BCG.

Persistent Low Valuations in Major Pockets Signal Deep Investor Skepticism

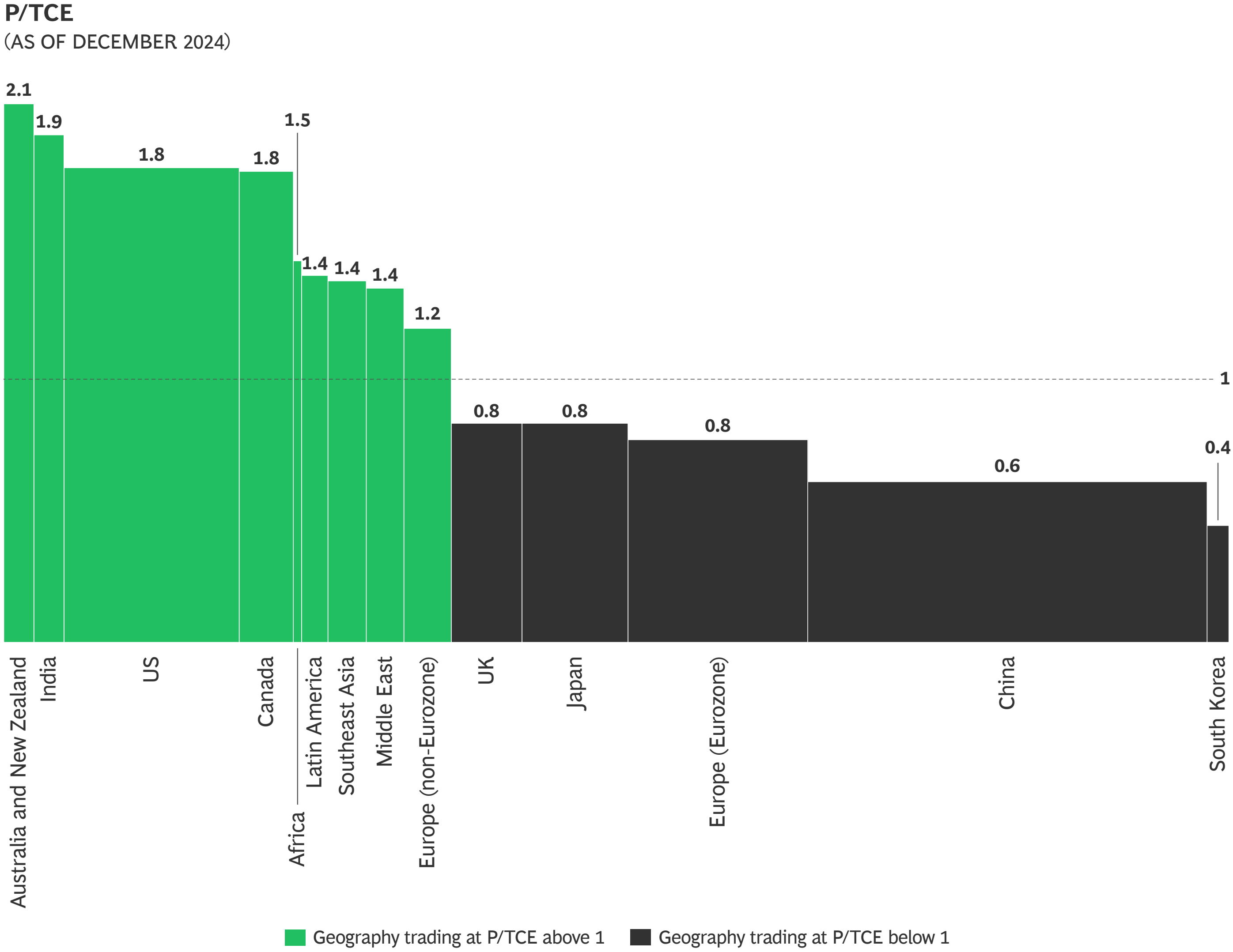
The various challenges that banks face appear to be testing investors' confidence in the sector. Despite some recent upticks, entire regions' (East Asia, Eurozone Europe, and the UK) banking industries are trading at a price to tangible common equity ratio (P/TCE) of less than one. (See **Exhibit 10**.) Comparing these levels to those of other industries or to new players in financial services illustrates the challenges facing the classical balance-sheet-driven bank model.

Although valuations are expected to remain stable—or rise slightly—we believe that a broad-based recalibration is unlikely, absent significantly improved performance and a more optimistic outlook for growth. There are some significant exceptions, however. For example, US banks have a more upbeat outlook due to their diversified income streams and the presence of some very well-positioned large banks and specialized players. In Europe, despite recent strong performance, 67% of banks are trading below book value. Here, only consistent double-digit return on equity driven by sustainable growth is likely to trigger a boost in valuation.

Despite dealing with the challenges outlined in this chapter, some banks outperform their competitors by a significant margin. This indicates that banks equipped with the right strategy and capabilities can overcome the industry's challenges and grow their business in a value-accretive way. In Chapter 3, we explore what these leaders are doing right.

EXHIBIT 10

Large Parts of Capital in Banking Remain Undervalued



Sources: Capital IQ; BCG Value Science Center; BCG analysis.
Note: Data as of December 31, 2024. This analysis considered 1,122 publicly listed banks. P/TCE for each geography is the weighted average P/TCE considering all publicly listed banks within the geography. Bar width represents the total asset size of banks in that geography. P/TCE = price to tangible common equity ratio.

Learning from Pockets of Outperformance

Although the list of challenges facing banks is long, some institutions have managed to outperform their peers and have reaped outsized rewards from investors. Understanding how they succeeded can be illuminating for banks that are still struggling to differentiate themselves.

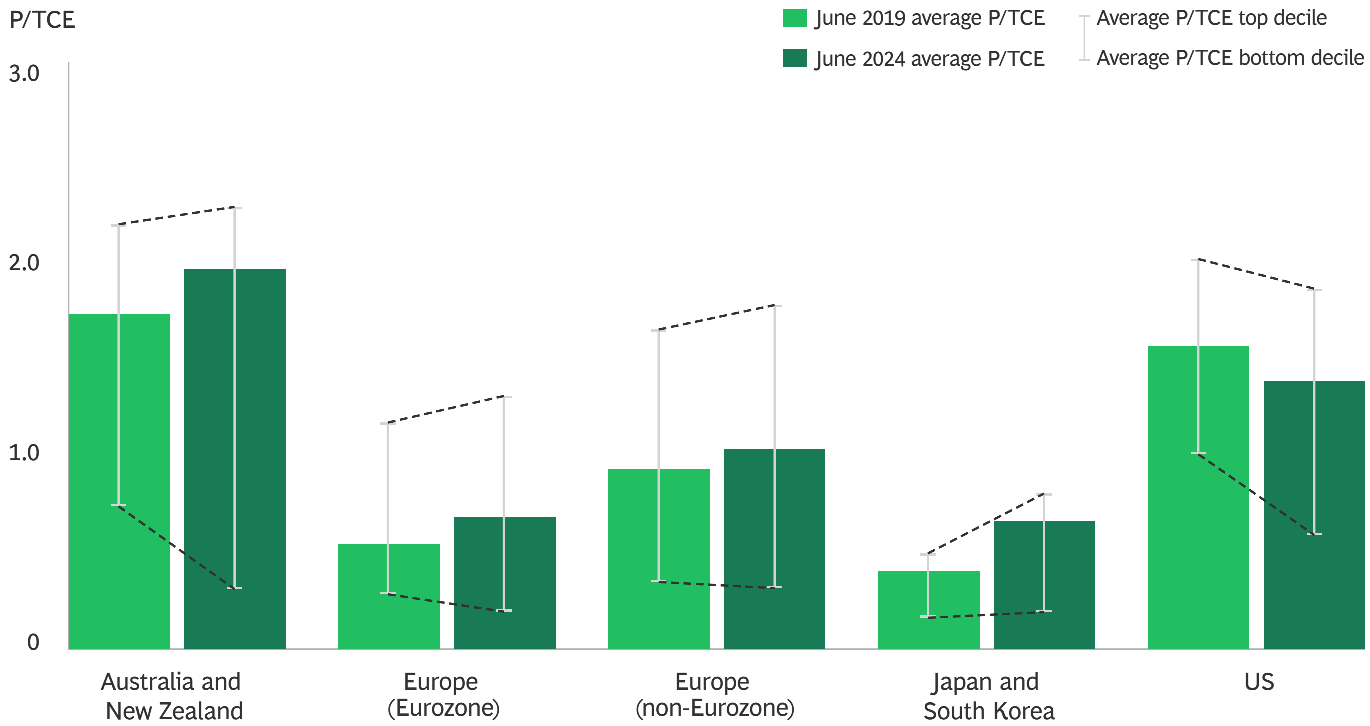
Widening Valuation Gaps: Do Winners Take It All?

Although banking valuations have increased, the gains have not been uniform across the sector. In fact, the gap between market leaders (banks in the top decile for P/TCE in their respective markets) and laggards (those in the bottom decile for P/TCE in their respective markets) is becoming more pronounced, a pattern that holds true across mature markets. (See **Exhibit 11**.) Banks that have positioned themselves as valuation leaders in their respective markets are gaining ever more ground. The widening gap suggests that investors are avoiding banks that they believe are in a vicious cycle of outdated operating model and low profitability and hence investment appetite, making these banks prime candidates for consolidation in the future.

The widening gap in banking valuations between market leaders and laggards suggests that investors are avoiding banks that may be in a vicious cycle of outdated operating model and low profitability.

EXHIBIT 11

Losing Hope on Laggards: Valuations Rose on Average, but with a Greater Difference Between Winners and Laggards



Sources: Capital IQ; BCG Value Science Center; BCG analysis.
Note: This analysis considered 1,122 publicly listed banks. P/TCE for each geography is the weighted average P/TCE considering all publicly listed banks within the geography. P/TCE = price to tangible common equity ratio.

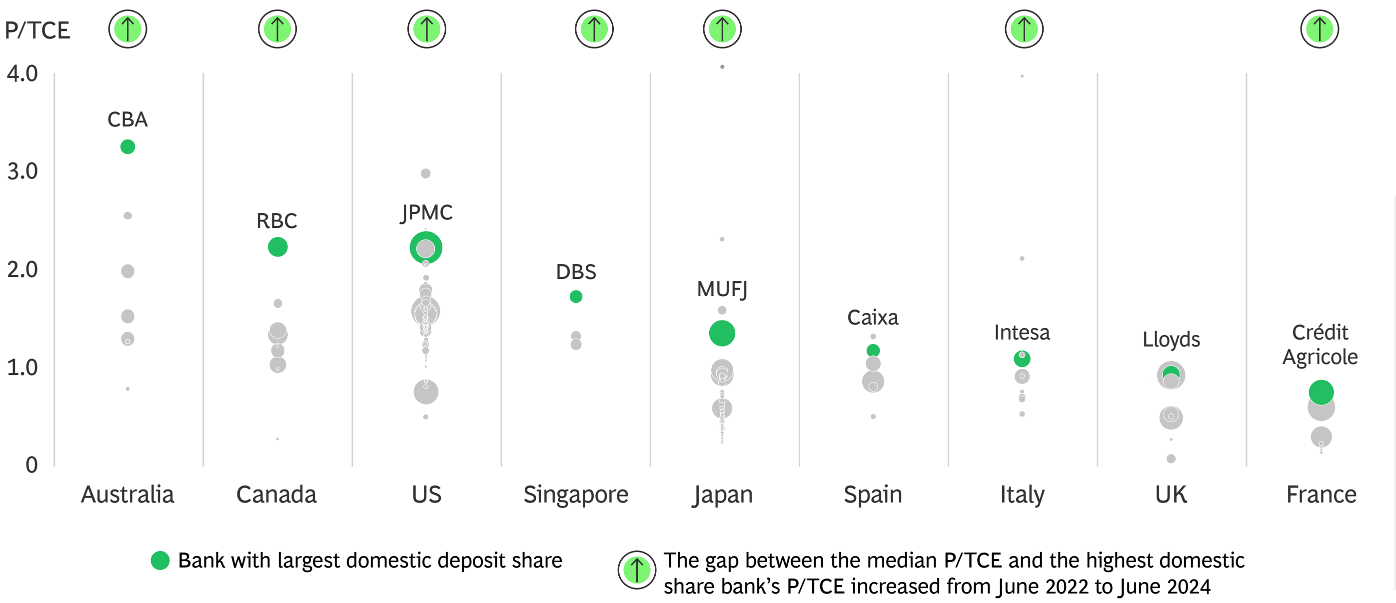
Scale Is Winning: But Scale Is About More Than Size

While size is not the only factor influencing valuation, it does play a crucial role. Larger banks tend to operate more efficiently and have the capital to invest in growth initiatives. Consistently across markets, we find larger banks have higher TSR and receive higher valuations. There are additional nuances to consider, however: success is not just about being the largest, but also about achieving scale in specific areas. As we noted in our report last year, banks that simplified their business and product portfolio achieved scale in targeted areas by concentrating their activity into larger, more homogeneous, and digitizable products.[11]

Banks that hold a leading share of deposits in their respective markets tend to have the highest P/TCE ratios. (See **Exhibit 12**.) Deposit leadership is a direct reflection of a bank's share of valuable primary client relationships and provides several advantages, including lower funding costs, enhanced cross-selling opportunities, and greater resilience. During periods of market turmoil, clients consider the leading players a safe haven, moving their deposits to these institutions and widening the gap. This dynamic was clearly visible during the market upheaval caused by the Silicon Valley Bank collapse in 2023.

EXHIBIT 12

Domestic Deposit Market Leaders Have the Lead in Valuation

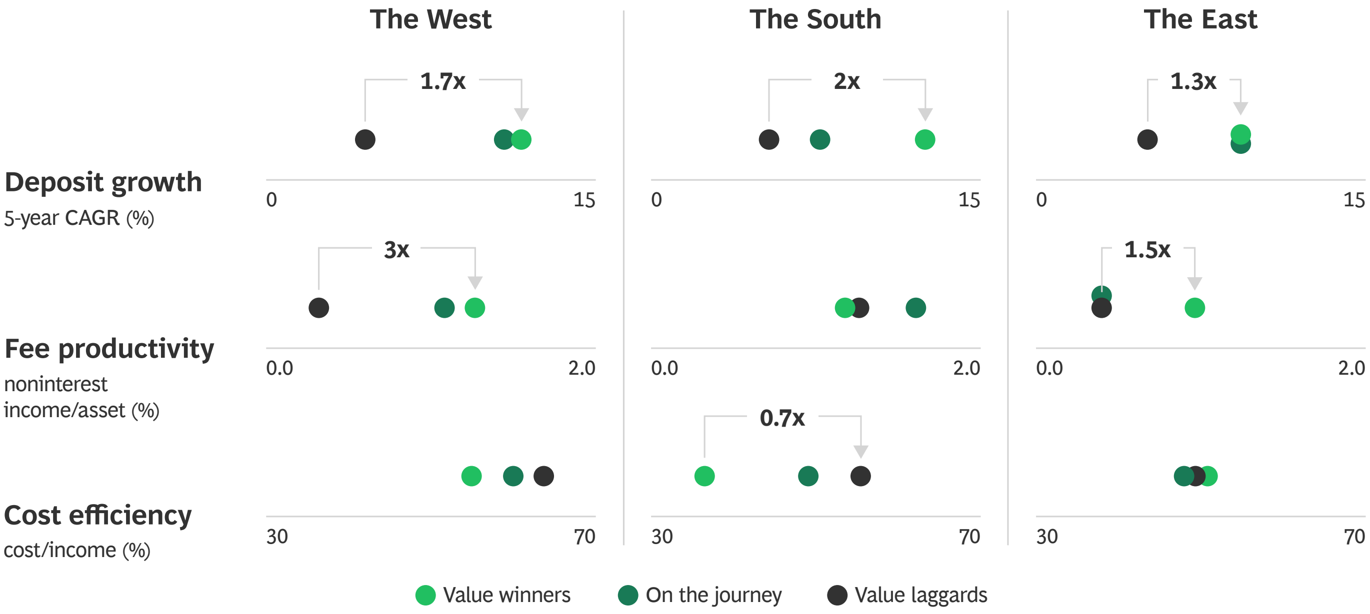


Sources: Capital IQ; BCG Value Science Center; BCG analysis.
Note: This analysis considered 1,122 publicly listed banks. P/TCE is as of June 2024. P/TCE = price to tangible common equity ratio.

11. "To Seize a $7 Trillion Opportunity, Banks Need Bolder Strategies for Serving Customers and Society," BCG, January 2024.

EXHIBIT 13

Fee and Growth Are the Most Critical Indicators in the West and East; Cost/Income and Growth Are the Most Critical in the South



Sources: Capital IQ; BCG analysis.
Note: Noninterest income/asset and cost/income ratios are for June 2023 to June 2024; five-year deposit growth is for June 2019 to June 2024. "Value winners" are banks in the top quartile of TSR over five years and with P/TCE > 1. "On the journey" are banks with P/TCE > 1 but not ranked in the top TSR quartile. "Value laggards" are banks with P/TCE < 1. TSR reflects total return to shareholders, including stock price appreciation and dividends. P/TCE measures market valuation relative to tangible book value. Geographic regions are defined as follows: The East = China, Japan, and South Korea; The South = Southeast Asia, Africa, South America, India, and the Middle East; The West = North America, Europe, Australia, and New Zealand. CAGR = compound annual growth rate; P/TCE = price to tangible common equity ratio; TSR = total shareholder return.

Investors Love Efficiency, but They Love Fee Income More

To further identify the metrics that matter most beyond scale, we compared banks that rate as value winners (banks in the top quartile for TSR and with a P/TCE above 1) to value laggards (those with a P/TCE of less than 1).

The market tends to reward banks that demonstrate consistent growth. (See **Exhibit 13**.) This is true broadly, but is particularly evident in the West (a region that we define as including North America, Europe, Australia, and New Zealand) and the South (which includes Southeast Asia, Africa, South America, India, and the Middle East), where value winners perform well ahead of value laggards. The absence of growth as a value driver in the East is understandable because, in that region in general, RoTCE is below cost of capital, so additional growth destroys value. Growth can come from expanding into new markets, penetrating more deeply into existing markets, acquiring complementary businesses, or strengthening relationships and boosting retention with existing customers.

Two additional critical factors can lead to higher value creation for banks: fee-based income and cost efficiency. Of course geographical nuances that cannot be expressed in blanket statements may be significant at a more granular level, but the results are broadly consistent.

Fee-based income, as a core component of noninterest income, is emerging as one of the most crucial determinants of a winning business model. This is clearly the case for banks in the West and, to a degree, for those in the East (which includes China, Japan, and South Korea). Banks that generate a significant portion of their revenue from noninterest income sources—such as wealth management, payments, and advisory services—tend to be more resilient, deliver higher profitability, and enjoy higher valuations, even if the disproportionate focus on noninterest income comes at the expense of cost efficiency.

Cost efficiency remains an obvious determinant of outperformance, particularly in the West and in the South, where the gap between winners and laggards is especially wide. Cost efficiency is an evergreen topic; high-margin businesses will always be attractive. Nevertheless, there are interesting patterns in banking in which cost efficiency becomes more pronounced for winners that can demonstrate scalability in cost structure or operating leverage.

In Chapter 4, we look at the strategies that winners apply to deliver along the performance indicators discussed in this chapter.

Four Winning Stances, with a Golden Thread of True Digital Excellence

In this chapter, we examine four strategic stances that leading banks have adopted—in other words, we look at how winners win. These four approaches are not mutually exclusive, and leaders often adopt more than one in their efforts to boost performance.

Front-to-Back Digitization: The Key to Operating Leverage

Realizing a bank's full value potential calls for a step change in productivity, not only to overcome challenges to income productivity (both NII and fee income), but also to provide the basis for scalable growth (at low marginal costs) and value creation. A look back at the massive investments that banks have made in digitization, reveals that the productivity gains achieved—as measured by, for example, costs/assets or income/full time equivalent employee (FTE)—have not been fully satisfying.

This echoes our recent findings, which underscore that many banks still direct most of their tech spending—more than 60%—toward run-the-bank maintenance rather than transformation, and less than 50% of technology staff are doers rather than managers.[12] This needs to change to 40% of spending and 75% of staff, respectively. Banks that excel at creating operating leverage have moved beyond fragmented optimization of individual tasks and classical process optimization toward a true front-to-back (F2B) digitization model. (See **Exhibit 14**.) This approach avoids the traditional compromises between front, middle, and back offices that have long hampered digitization efforts.

12. "**Tech in Banking 2025: Transformation Starts with Smarter Tech Investment**," BCG, May 2025.

EXHIBIT 14

How Is Front-to-Back Digitization Different from Traditional Customer Journey Digitization?

	FROM	TO
1	**Lean process reengineering**—laying out current processes, identifying waste, and simplifying (~10%–20% improvement)	**Zero-based reimagining—**working backward with major simplification (~40%–60% improvement)
2	Bespoke **changes for each product, segment, and channel**	**Common capabilities and processes** developed across products, segments, and channels while allowing for last-mile customization
3	**Uncoordinated change** from front (e.g, digital, physical/agency) to back (e.g., call centers, operations, policy)	**Integrated change** throughout the organization, with front-to-back ownership of each value stream cutting across front-, middle-, and back-office silos
4	**Governance of change diluted** into hundreds of business cases and measured through a narrow MIS	Change governed through **15–20 megajourneys** to maximize impact and measured through a funnel management MIS across front-, middle- and back-office steps
5	**No persistent, central vehicle** for change efforts	Value streams cut across change initiatives to become the **persistent vehicle for change**
6	**Priorities set through reporting lines** due to siloed hierarchical operating model	**Priorities aligned and managed collaboratively,** accelerated by shared front-to-back platforms at business and foundational levels

Source: BCG analysis.
Note: MIS = management information system.

The move to an F2B platform model represents a paradigm shift in how a bank operates. This model organizes the bank around core value streams across business (for example, client onboarding) and functions (for example, budgeting and financial planning), and it rethinks those streams across tech, data, and process activities in front, middle, and back offices together. As detailed in our report, F2B platforms have three organizational foundations: cross-functional value teams, empowering leadership, and a flat governance structure.[13]

This idea itself is not new—many banks recognize that they need a front-to-back approach, but most struggle to implement it at scale and with the required focus. The key impediment is organizational. Tradeoffs between siloed front, middle, and back offices in connection with the same process or value stream are difficult to negotiate under traditional banking structures. The key to success is to combine cost efficiency with customer loyalty, adopting a customer-first framework for resolving tradeoffs, and embracing new technologies to broker compromises that balance customer experience, risk, and costs. Banks that successfully implement this model will be optimally positioned not only to demonstrate profitable growth, but also to manage operational resiliency, thanks to having an F2B view of risks in the entire value chain.

13. "**Revolutionize Your Business with F2B Platforms**," BCG, January 2025.

A key challenge for many journeys involves optimizing the back office for low cost while keeping it responsive to front-office demands. Leading organizations are moving toward a back office with Zero Ops. As we noted in a recent study, the path to this goal requires fully digitizing customer data entry, and automating decision making with intelligent engines that dynamically assess and prioritize processing tasks.[14] In settings where full automation is not possible, banks should adopt Light Ops with minimal manual intervention, with any remaining tasks handled by agile, multifunctional teams aligned around product-specific end-to-end journeys.

Taking this concept to its logical conclusion, a leading bank has created a programmable back office. The approach employs smart queuing algorithms that enhance productivity by dynamically managing task prioritization on the basis of strategic business needs, customer priority, and service-level requirements—all of which the front office can encode and change as parameters daily. (See **Exhibit 15**.) By systematically adopting a structured approach of this kind and maintaining a clear roadmap, banks can achieve unprecedented efficiency gains, significantly reduce operational turnaround times, and fundamentally improve customer experiences.

The use of offshore centers of excellence is becoming more important for the F2B digitization model, with capability and innovation hubs extending their scope beyond purely operative tasks to become the custodians of F2B processes, hubs for talent, and drivers of change. (See Spotlight #2, "**Offshore Capability and Innovation Hubs Are Increasingly Central to Winning in the Age of AI**.")

There are no shortcuts to success with this approach—digital champions sustain F2B digitization programs for five to seven years before reaping the full benefits.

EXHIBIT 15

Programmable Back Office—Front-to-Back Digitization Embraced to Its Full Potential

How Leading Banks Are Leveraging Digital Twin Technology to Make Their Back Office an Agile Extension of Their Front Office

Client example

1 ZERO OPERATIONS

Zero paper
- Build digital workflows—no paper required

Straight-through processing
- Replace physical checks with digital verifications
- Take the human out of the equation

2 LIGHT OPERATIONS

Limited human touch
- Use a swim-lane engine to determine the intervention needed
- Set the SLA in line with the effort required

3 MULTIFUNCTIONAL TEAMS

Agile teams
- Assign shared KPIs to agile multifunctional teams
- Have sales, credit, and operations together deliver the customer SLA

4 PROGRAMMABLE BACK OFFICE WITH DIGITAL TWIN

AI-based optimization
- Give business control of priorities
- Set dynamic SLAs at a file level
- Use an optimizing algorithm to reorder files in near real time
- Track SLA compliance in real time, like an airport control tower

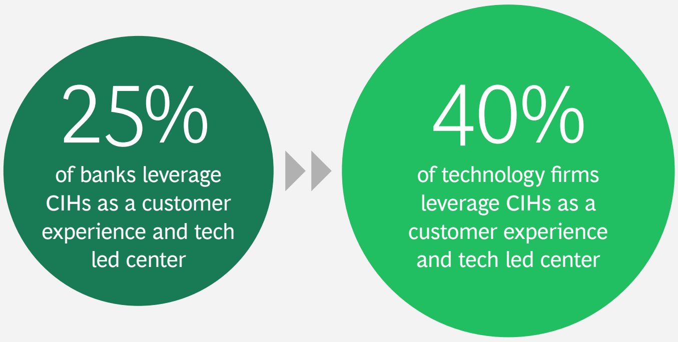
Source: BCG project experience.
Note: SLA = service level agreement.

14. "**Forging a Programmable Back Office with Zero Ops**," BCG, August 2024.

SPOTLIGHT #2

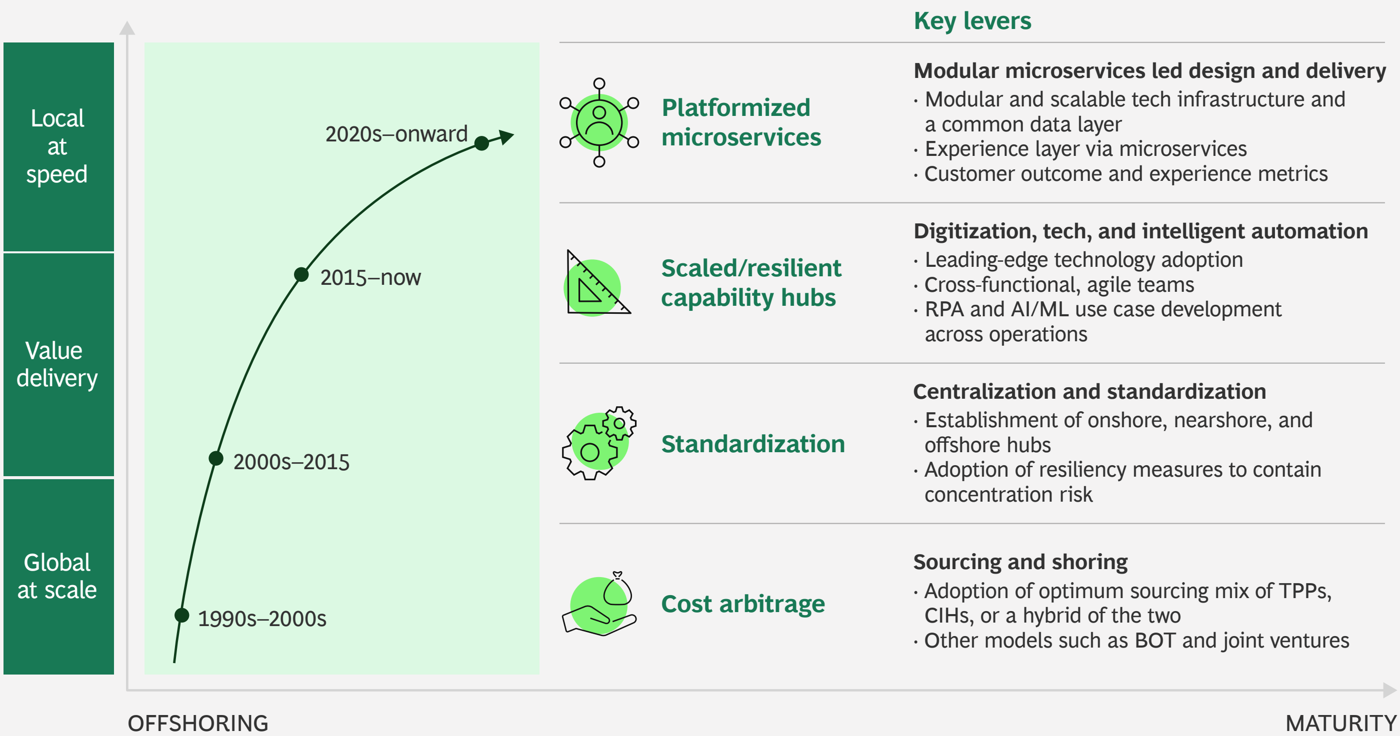
Offshore Capability and Innovation Hubs Are Increasingly Central to Winning in the Age of AI

Since the COVID-19 pandemic, leading institutions across industries have embraced offshore capability and innovation hubs (CIHs) to house capabilities hitherto kept onshore, making them key levers in the operating model. These hubs have evolved beyond being strictly cost and efficiency plays, instead becoming platforms for high-end capabilities at scale. (See **the exhibit**). Disparities in compensation costs between mature and emerging economies bolster the case for offshore CIHs. However, banks and other financial services institutions trail other industries in taking advantage of this productivity lever; a recent BCG survey found that only 25% of banks leverage CIHs as a customer experience and tech-led center, compared to 40% of technology firms.[15]



Sources: Expert inputs; secondary research; BCG case experience.
Note: CIH = capability and innovation hub.

Offshore Capability and Innovation Hubs Have Evolved Beyond Cost and Efficiency Play and Transitioned to Platformized Hubs for High-End Capabilities



Sources: Expert inputs; secondary research; BCG case experience.
Note: AI/ML = artificial intelligence/machine learning; BOT: build-operate-transfer; CIH = capability and innovation hub; RPA = robotic process automation; TPP = third-party providers.

15. "**Capability and Innovation Hubs: The Emerging Frontier**," BCG, 2023.

Reimagining CIHs: Five Strategic Shifts Powering Enterprise Transformation

Today's high-performing CIHs deliver platform-based solutions, attract premium talent, and drive enterprise-wide agility and innovation. Our 2023 report on CIHs and a recent study covering 150+ global CIH leaders across industries highlight some of the key shifts in the landscape:[16]

- **From Cost Efficiency to Strategic Value Creation.** Leading companies have deeply integrated their CIHs into their enterprise strategy, enabling the hubs to contribute directly to digital innovation and market competitiveness with advanced capabilities such as AI, cloud, and digital platforms. About 8% of CIHs excel at this deep integration already.

- **From Silos to Cross-Functional, Product-Aligned Teams.** Some banks are replacing legacy functional silos with agile, cross-functional teams aligned to business products or platforms. In the past 18 months, top CIHs have established or scaled centers of excellence covering domains such as AI and machine learning, business support, risk, and innovation—accelerating capability depth and reuse.

- **From Centralized Control to Distributed, Outcome-Focused Governance.** CIHs now operate with greater autonomy and are accountable for business outcomes, not just for delivery metrics. About 45% of high-performing hubs track digitization, automation, and business revenue impact, enabling faster decisions and more precise alignment with enterprise goals.

- **From Project Execution to Platform-Based Agility.** The shift from project-based delivery to platform thinking is foundational. Teams build and enhance reusable, scalable digital platforms—such as onboarding journeys or application programming interface ecosystems—adopting agile and DevOps practices that drive continuous improvement and faster innovation cycles.

- **From Order Taking to an Innovation-First Culture.** Leading CIHs have evolved from service providers to innovation partners. A one-team culture that focuses on learning, ownership, and experimentation helps attract and retain talent. These hubs are now aspirational career destinations, deeply connected to enterprise purpose and outcomes.

In summary, platform-based CIHs are moving from the periphery to the center of enterprise transformation.

16. "**Capability and Innovation Hubs: The Emerging Frontier**," BCG, 2023. "**Capability and Innovation Hubs - Have Financial Institutions Missed the Opportunity?**" BCG, August 2024.

Customer Centricity: From Service to Multiproduct Digital Sales

Banks have long understood that the deeper their relationship with customers—that is, the more products they provide to each customer—the more profitable the relationship. The key to building wide-ranging business connections is personalization. In recent years, leading banks have leveraged advanced levels of personalization, based on digitization and analytics, to generate multiproduct relationships and their resulting increases in fee income.

Perhaps counterintuitively, multiproduct relationships begin with a focus not on sales, but on service. One bank that we studied embarked on a complete transformation aimed at creating a new paradigm for customer service. The aim was to be more predictive and proactive, deepening relationships by pursuing personalized conversations in every customer interaction. (See **Exhibit 16**.) Through this transformation, the bank delivered superior results and interactions for customers with servicing needs, and they used these interactions to deepen engagement and build relationships. The bank's proactive customer service approach resulted in sharply improved service and ensuing growth in multiproduct relationships.

In recent years, leading banks have leveraged advanced levels of personalization, based on digitization and analytics, to generate multiproduct relationships and their resulting increases in fee income.

EXHIBIT 16

Successful Multiproduct Relationships Start with Proactive Customer Service That Leverages Superior Predictive Capabilities

The new manifesto of customer service…

We never let you **silently suffer:** we predict issues that you might encounter and try to avoid them

Your "**service request**" is not the whole problem: we try to anticipate related issues and solve them proactively

Predicting what you might be calling for is critical to resolving calls rapidly and delighting you

We make all of our knowledge about you available **for your service** at every touchpoint on any channel

…requires a set of new capabilities

Eliminate the need for service
The goal is to eliminate process gaps that lead to service issues, minimizing glitches that customers experience

Comprehensive self-serve journeys
Customers can use great DIY journeys

Delightful human assistance
Customers have a superlative human-assisted experience

Multiskilled operations
Close-knit cross-pods solve complex queries

Source: BCG project experience.

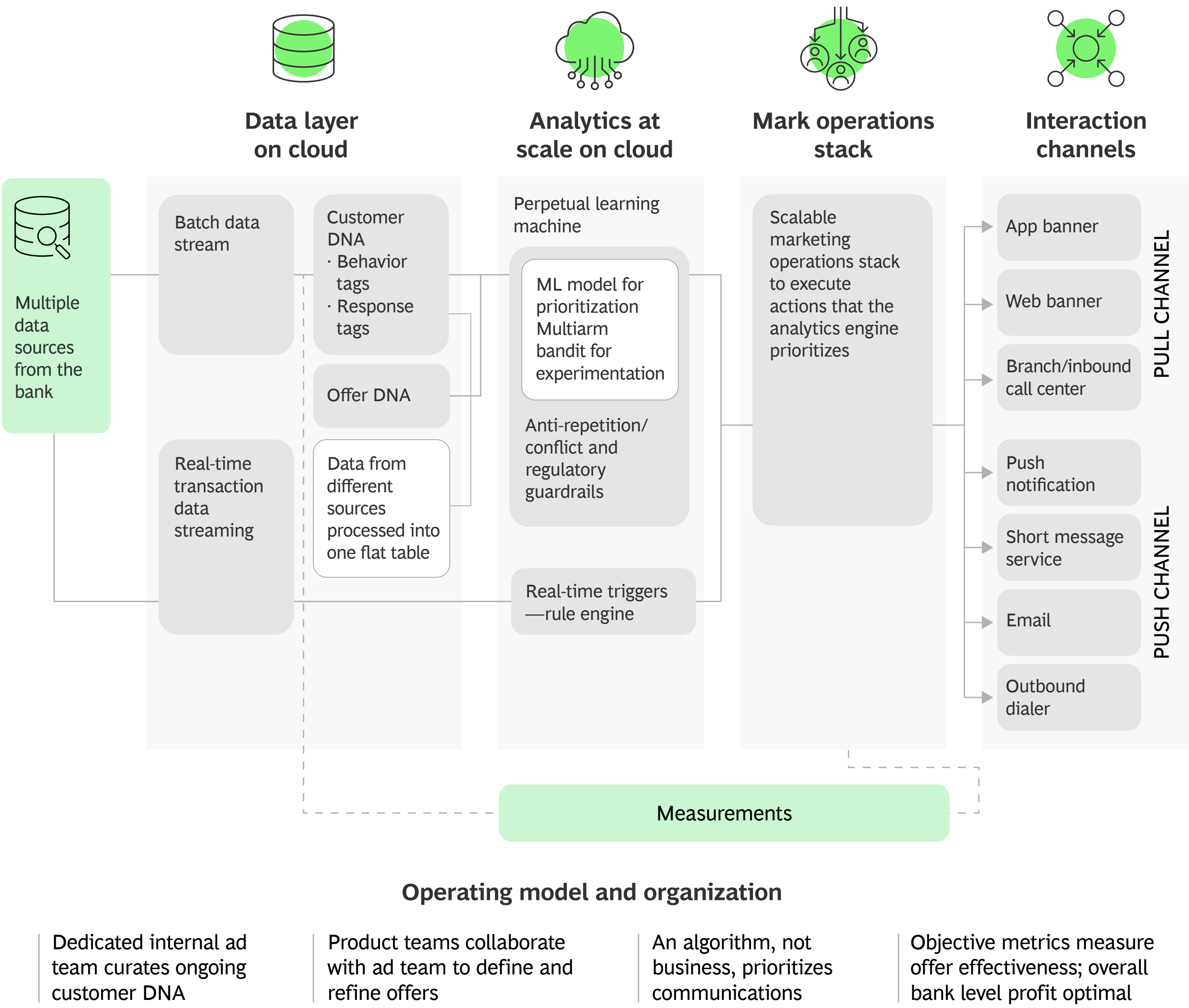
Once a bank has established a firm foundation of superior customer service, it can leverage personalization to boost digital sales. The bank we studied created an "offer factory," with real-time triggers (deepening offers, migration offers) fully integrated with seamless one-click journeys. It also created an internal ad network where product teams could compete with one another to target specific customers with personalized conversations. (See **Exhibit 17**.) A central customer team prioritizes these conversations on the basis of what best serves the customer, not what is most convenient for the product teams.

We have seen banks that have taken this route achieve up to four times higher engagement with their customers, and double the conversions rates on their campaigns. However, this approach also requires banks to build powerful technology and AI capabilities in key areas: real-time data access, an integrated marketing technology stack, orchestration based on machine learning (ML), a content factory, straight-through customer journeys for offer fulfilment, and digital assets with inventory suitable for advertisements. A recent BCG report delves into how banks can build this muscle.[17]

EXHIBIT 17

Architecture to Enable an Internal Ad Network for Personalized Conversations Across Every Touchpoint on Any Channel

Client example



Source: BCG analysis.

17. "Tech in Banking 2025: Transformation Starts with Smarter Tech Investment," BCG, May 2025.

Focused Business Models: Hard Decisions Lead to Outperformance

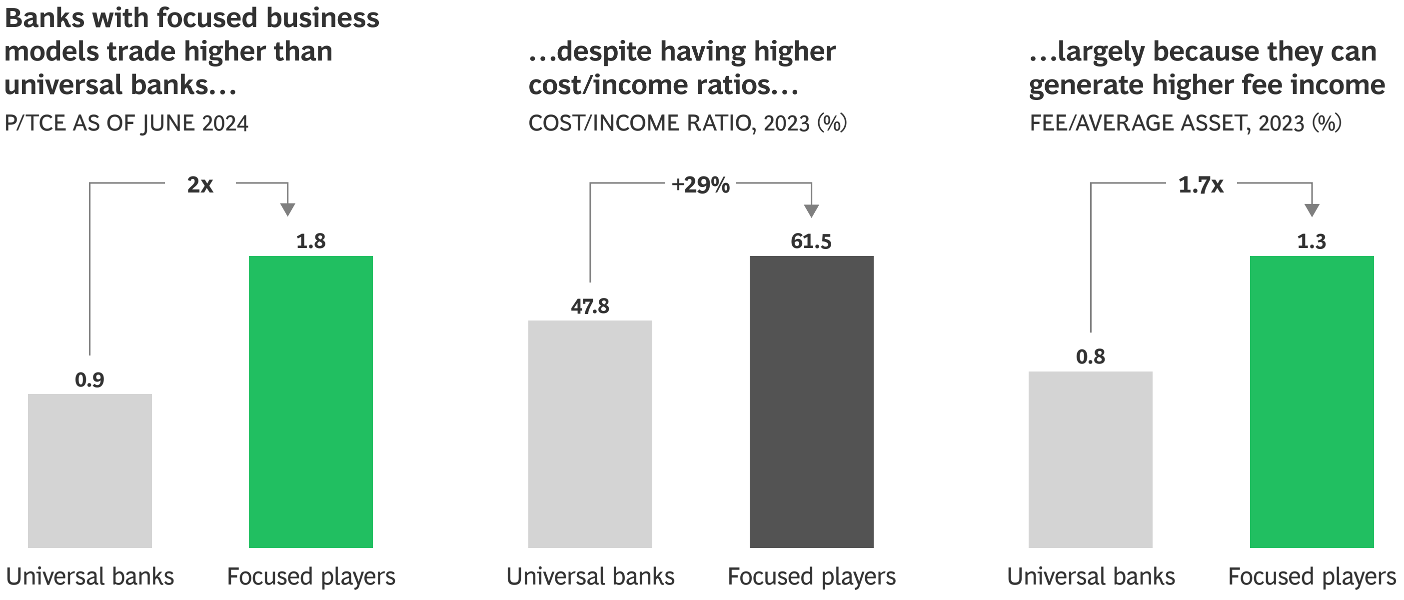
Another approach to outperformance involves specialization or portfolio focus. Banks that adopt this approach simplify their business model and target leadership in one or a few segments or products to generate scale. (See **Exhibit 18**.) Focused business models deliver value by prioritizing specific customer segments or product lines, allowing banks to simplify their portfolio and build deep expertise. This often translates into sharper commercial positioning and stronger customer loyalty. Specializing in this way does not require a bank to become a pure mono-liner, but only banks operating at a critical scale will be able to direct enough resources to invest and win in the market. To complement the customer offering, banks can seek partnerships with other specialized players. But prioritization alone is not sufficient—robust risk management remains critical, as evidenced by the recent failures of three US banks that had a focused business model.

Leaders can attain this level of focus either by initial design or through adaptation. One attractive segment is wealth management, given its capital-light nature and the opportunity it provides for scaling across markets. Successful players include some that began with a focus on differentiated wealth management offerings, and others that began as universal banks but later pivoted and sharpened their focus on the sector. One large bank shifted from diverse subscale CIB businesses to building a successful wealth management franchise—boosting fee income in the process. Another moved from a focus on mass market full-service banking to targeting the cross-border needs of affluent customers. Both have received due recognition from investors.

For banks transitioning from a universal origin, narrowing focus requires hard decisions about exiting or minimizing businesses that do not contribute positively to RoTCE. This is not an easy route. The institution must have a sound right to win through the cycle in the areas prioritized for focus—whether through a competitive offering or a distinctive operating model. Banks that succeed in sharpening and refocusing their businesses despite the challenges have seen their valuations improve handsomely.

EXHIBIT 18

Banks with Focused Business Models Trade at a Premium versus Universal Banks Largely Because They Can Generate Higher Fee Income



Sources: S&P Capital IQ; BCG analysis.
Note: Based on sample of ~450 banks (covering ~90% of global banking assets) categorized into six archetypes. Focused players include 54 banks across credit card specialists, wealth management specialists, custodians, investment banking/advisory banks, and trading-focused banks. Universal banks include 400 banks. P/TCE = price to tangible common equity ratio.

To avoid execution risks related to creating unsustainable complexity and failing to realize synergies, the acquiring bank must have an operations, digital, and technology platform that supports smooth and rapid integration of the acquired business and transfer of capabilities.

M&A at Speed: Digitization Makes the Difference

In banking, as in other industries, M&A can be a critical enabler for value creation. It can strengthen a bank's competitive position by adding capabilities, increasing scale (for example, in the deposit base), or improving capital allocation, ultimately driving valuation upside.

Although the inorganic growth route can be attractive, it carries considerable execution risks—in particular, the risks of creating unsustainable complexity and failing to realize synergies. To avoid these traps, the acquirer must have an operations, digital, and technology platform that supports smooth and rapid integration of the acquired business and transfer of capabilities. Banks that do not have a modern platform will struggle with integration or get bogged down in a multiyear tech and operations integration that yields limited benefits and increases complexity.

For balance-sheet driven universal banks, in-market M&A has been the most successful. The ringfencing of deposits and the different legal frameworks for many products complicate efforts to enter new markets through M&A. For more fee-driven businesses, such as payments and wealth management, these restrictions are less relevant. Even so, adhering to regulatory standards across different markets creates an entry barrier involving minimum size. Finally, M&A value creation is not limited to acquisitions; active portfolio management and timely divestment of subscale or noncore businesses can significantly boost performance and sharpen strategic focus.

All four stances discussed in this chapter are clear value drivers for banks. Although the optimal mix and the respective impact of these different approaches will vary from bank to bank, a clear perspective on the expected value creation and diligent follow-up on execution and delivery are mandatory. To guide their planning, banks need to ask three critical questions:

- Are they realizing the productivity benefits in the P&L linked to investments in their value streams?
- Are they capturing the benefits of broadening client relationships in the form of a visible increase in fee income?
- Are they capturing the full benefits of focusing or simplifying the business model (for example, through decommissioning) across the entire operating model and balance sheet?

AI, a Game Changer If Implemented Boldly with Focus, May Not Be Enough

If a common thread connects the four strategic approaches detailed in the previous section, it is the importance of digital maturity and the scalable use of AI and GenAI. Every bank has a digitization agenda, but many are disappointed with results, and the digital vanguard comprises a small set of banks. This reflects a key point from a recent BCG report: when it comes to AI, banks are falling behind not in experimentation, but in strategic integration.[18] We consider AI a strategic fault line, with only a quarter of institutions currently using AI to reinforce their competitive position.

In this chapter, we examine what enables the small group of digital leaders to adopt and scale AI technologies while other banks struggle.

18. "**For Banks, the AI Reckoning Is Here**," BCG, May 2025.

The Search for the Next Frontier of Digitization

When we compare banks' improvement in employee productivity (measured as annualized percentage change in assets per employee, adjusted for inflation) to the weighted average of depreciation and amortization as a percentage of operating expenses, an interesting pattern emerges between productivity improvement and level of investment in technology that requires depreciation. (See **Exhibit 19.**) Many emerging markets (for example, Saudi Arabia, China, Indonesia, and Brazil) show productivity growth driven by a low starting base of technological maturity and supported by high economic growth. India is a notable exception, considering that it ranks quite low in technological intensity of operating expenses. Many mature markets (such as the UK, Eurozone Europe, and Sweden) have not seen substantial improvement in productivity despite significant investment in technology. The contrast between the US, Europe, and the UK is interesting. Overall, despite having spent slightly less on technology than their European counterparts have, US banks have achieved slightly higher productivity improvement—likely due to the dynamism of the US market. UK banks stand out for their much higher technology investment, but these efforts have yielded relatively low productivity benefits. Canada has seen a significant benefit, with robust growth in mortgages over the past five years being a primary driver.

As noted earlier, one explanation for the limited benefits is that many banks still direct more than 60% of their tech spending on run-the-bank maintenance rather than on transformation.[19] The low ROI may also reflect a flawed approach to digitization—as exemplified by the lack of a front-to-back approach, which we discussed in Chapter 4. But even banks with well-orchestrated approaches to digitization reach a point of diminishing returns from digital investments. This is because classical methods of digitization use complex software that hard-codes all possible unhappy (that is, suboptimal) paths in each journey. The software becomes complex and often fails to be all-encompassing anyway.

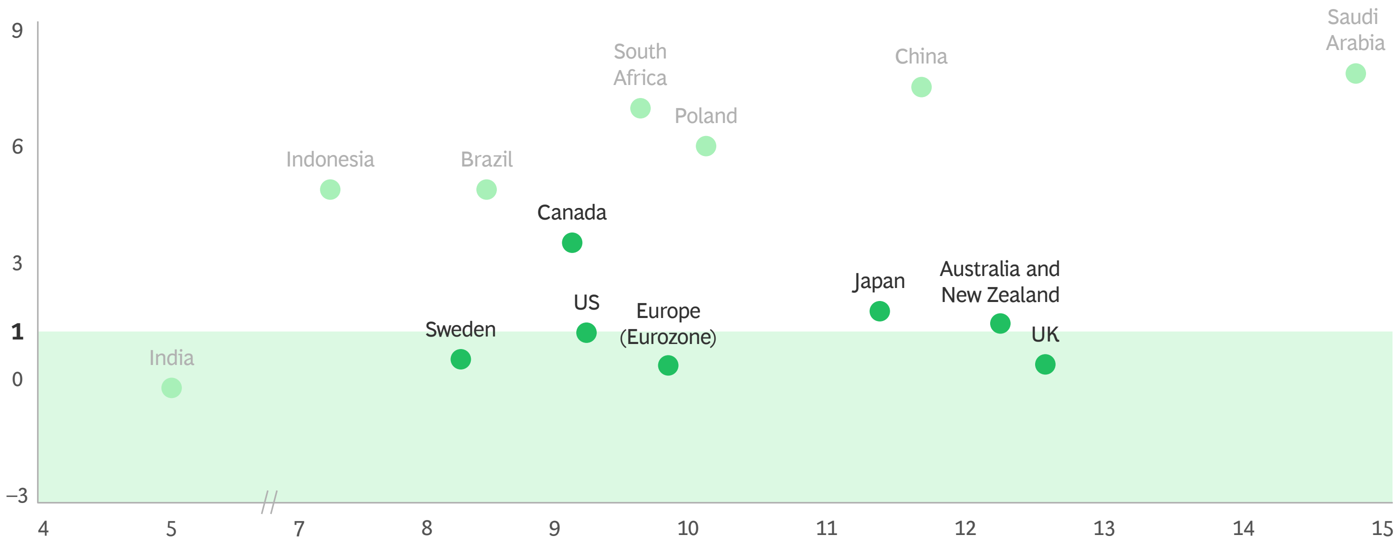
This situation is about to change, as advances in AI promise to expand the frontier of possibilities within digitization. AI itself is not new to banks. Leaders in the industry have tracked AI's evolution over the past two decades, and many have benefited immensely from AI/ ML applications in risk, marketing, and operations. But the world is now entering a phase of exponential innovation, particularly in GenAI and agentic AI. (See **Exhibit 20**.)

EXHIBIT 19

Digitization Needs to Be Pushed to Its Next Frontier

Productivity benefits of digitization have been elusive in some jurisdictions despite high levels of investment

ANNUALIZED CHANGE IN ASSETS PER EMPLOYEE (INFLATION-ADJUSTED WITH CPI), 5-YEAR CAGR, FROM FY 2018 TO FY 2023 (%)



5-YEAR WEIGHTED AVERAGE DEPRECIATION AND AMORTIZATION/OPERATING EXPENSES RATIO, FROM FY 2018 TO FY 2023

Emerging economies   Mature economies

Sources: Capital IQ; SNL; BCG analysis.
Note: This analysis considered banks that had consistent data reported across the relevant years from a sample of 1,122 publicly listed banks.
CAGR = compound annual growth rate; CPI = Consumer Price Index.

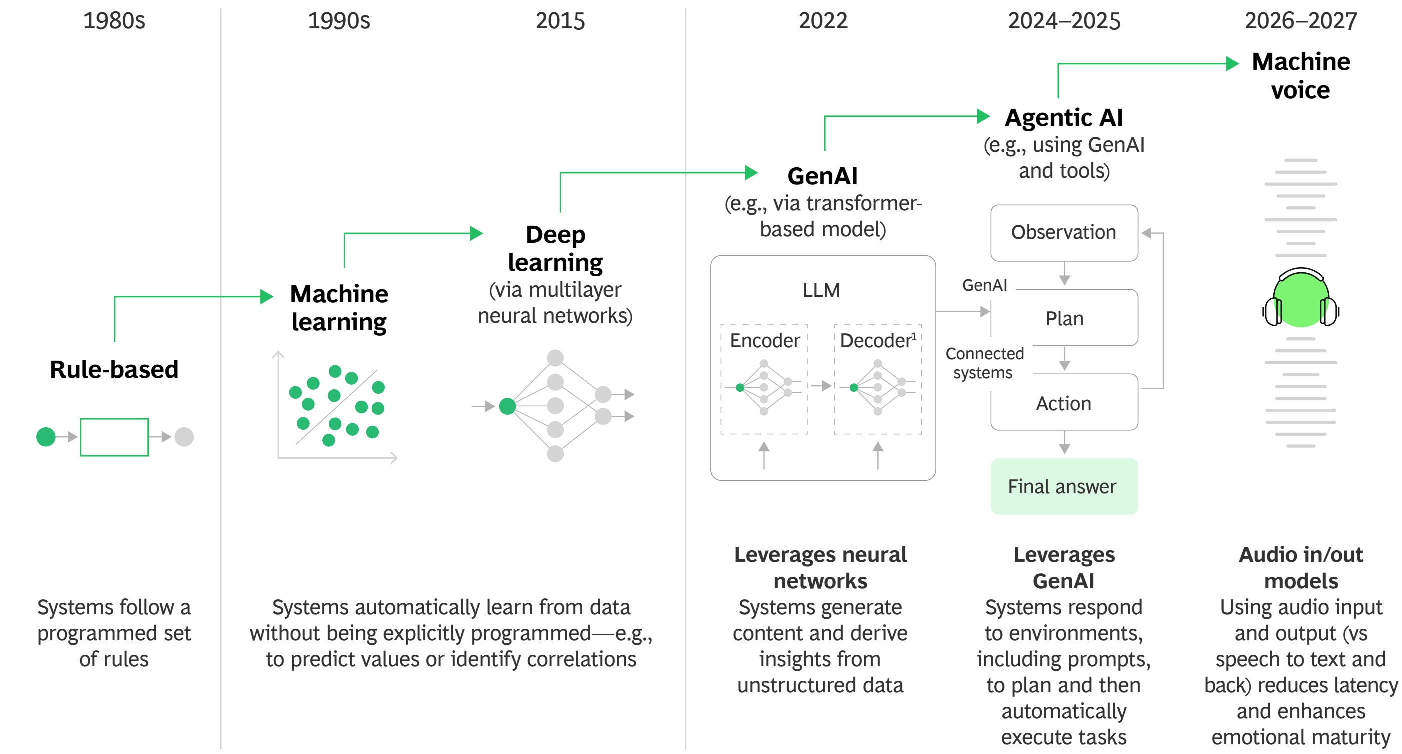
19. "**Tech in Banking 2025: Transformation Starts with Smarter Tech Investment**," BCG, May 2025.

EXHIBIT 20

Agentic AI Will Enable a Step Change in Process Automation with Autonomous Steering of Workflows

In the next few months, machine voice is expected to be better than human in empathy and consistency

YEAR WHEN TECHNOLOGY ENTERS THE MAINSTREAM



Sources: BCG analysis.
Note: GenAI = generative artificial intelligence; LLM = large language model.
[1]Example GenAI model; some GenAI models are encoder or decoder only.

The Promise of Agentic AI and Machine Voice to Transform Banking

GenAI leverages large language models (LLMs) to create content (for example, marketing assets), deriving insights from huge blocks of unstructured data, as in the case of identifying in real time the reasons underlying individual live service calls. In contrast, agentic AI applications take advantage of the fact that LLMs know not only the language, but also the logic and reasoning embedded in human language. Thus, LLM-powered agents can break problems into smaller subtasks, as a human would. By having multiple agents work in concert, agentic AI can digitize and autonomously execute even complex tasks and unhappy paths. If given access to banks' application programming interfaces, AI agents can also read, update, and initiate transactions on bank systems. We have already seen the first at-scale deployments of multiagent platforms in banks, and we expect agent-based digitization of operations, sales, and control processes to become mainstream in 18 to 24 months.

Audio-in/audio-out LLM models, which can directly process speech, should reach industrial grade in next 12 to 18 months. These new models will completely eliminate latency in direct-to-customer machine interactions and will achieve an emotional quality and tone that matches human interaction, revolutionizing AI use in service, collections, and relationship management. Inspired by these possibilities, leading banks are making plans and ramping up now to explore the possibilities in every part of the organization.

Setting Up for Successful Agentic AI-Powered Transformation

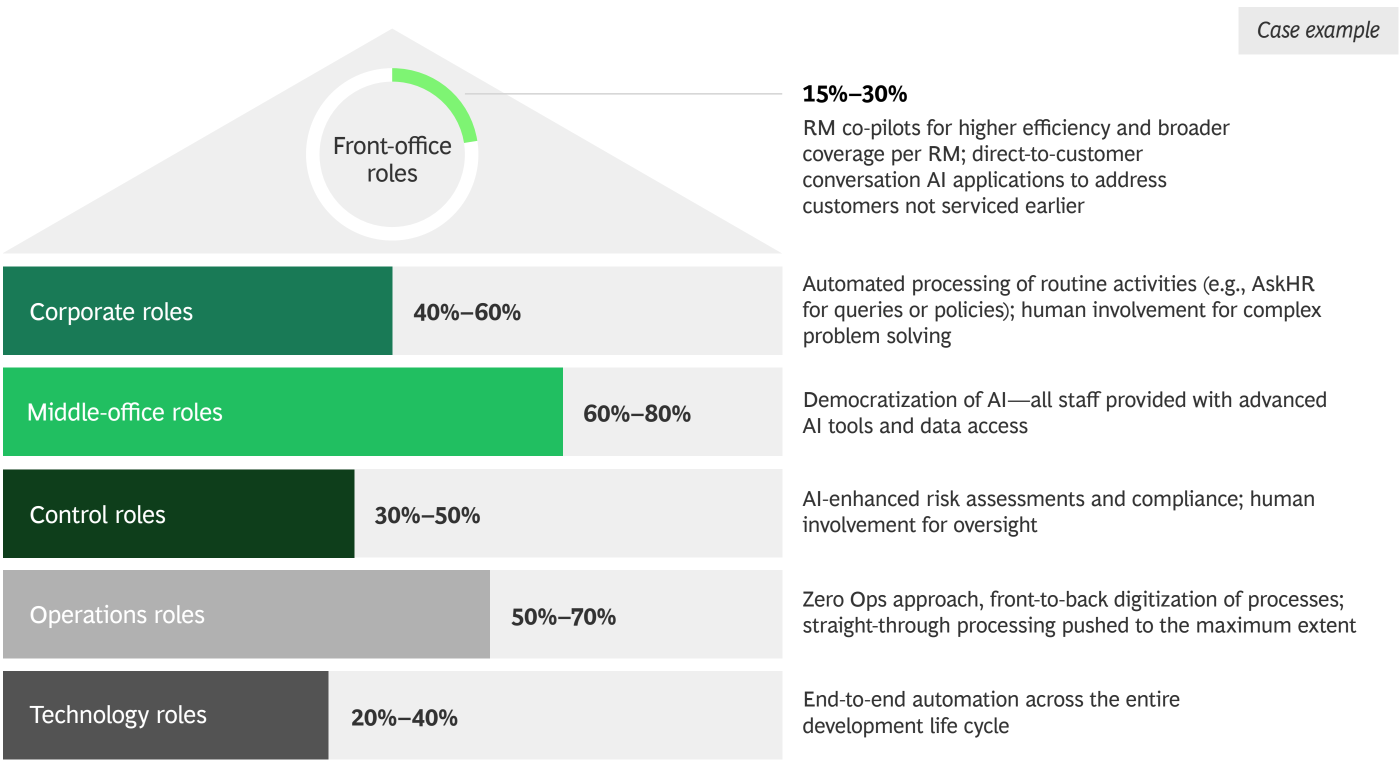
One leading global systemically important bank (G-SIB) has set an ambition for transformative change in employee productivity and innovation by 2030, leveraging AI and traditional automation across the entire enterprise. (See **Exhibit 21**.) Rather than simply reducing headcount, the bank aims to reshape roles and capabilities across the organization—projecting shifts of 15% to 30% in front-office roles, 40% to 60% in corporate functions, and 60% to 80% in middle-office roles. This strategic reshaping will free up capacity, allowing the organization to redeploy talent toward new growth-oriented and revenue-generating activities, enhancing both operational efficiency and strategic innovation.

Although there is a clear line of sight to such dramatic productivity boosts, most actual achievements so far have been modest. A large, industry-wide BCG study on AI readiness showed that 24% of banks have leveraged AI to achieve a 5% improvement in cost or revenue; another 26% have achieved only 2% improvement.[20] In many cases, this gap between potential and results does not stem from a deficiency in capabilities, but rather from poorly planned implementation and change management. In BCG's experience, successful AI deployment at scale requires efforts roughly in a ratio of 10% data science, 20% associated technology and data engineering, and 70% last-mile change management to ensure adoption of new ideas and ways of working. It also requires end-to-end reimagination of the process, organization structure, and operating model. (See **Exhibit 22**.) We have seen organizations focus disproportionately on the first two aspects while neglecting the implementation and scaling elements.

EXHIBIT 21

Leading Institutions Are Setting Big Ambitions

Shift in current staff roles possible with full potential deployment of AI: 35% to 50%[1]



Sources: BCG project experience and analysis.
Note: Assessment assumes that all levers of digitization beyond pure AI/GenAI (e.g., process reengineering, data integration) are in place.
RM = relationship manager.
[1]Freed-up capacity can be redeployed toward new revenue-generating activities and growth initiatives.

20. "**Where's the Value in AI?**," BCG, October 2024.

EXHIBIT 22

Scaling Is the Hardest Challenge

Getting more from new and existing capabilities through adoption, utilization, and value creation

	BCG's 10-20-70 model	Capabilities
10% Algorithms	Data science capabilities to develop and implement algorithms	· Model quality and performance · Data analytics
20% Technology	Scalable and modernized stack that supports business needs	· Data management · AI platforms and tools · Secure ML/LLM operations · Product development pipeline and cycles
70% People, organization, and processes	Effective processes supported by talent and change management practices Hardest component: should receive 70% of transformation's attention	· Reimagined end-to-end processes · Redefined roles and responsibilities · Enhanced, contemporary skills · Platform-oriented operating model · Personalized change management · Responsible AI governance · Innovative culture

Source: BCG 2024 Global Study on AI and Digital Maturity, n = 1,000.
Note: ML/LLM = machine learning/large language model.

Beyond paying proper attention to this important factor, organizations that reap the potential of AI tend to follow a clear set of guidelines:

- **Focus on innovation, growth, and productivity.** Narrowly focusing on productivity yields only incremental improvement. In addition to advancing productivity, banks should focus on innovation and growth, where much of AI's disruptive potential is embedded. Targeting all three areas does not require all AI projects to progress on a very long-term schedule. On the contrary, every instance of process reimagination should follow a roadmap that identifies a series of short-term milestones to track the accruing value.

- **Start with a few big rocks.** Leaders in AI transformation carefully select a few big rocks—key processes with the highest potential financial and strategic impact—as starting points to ensure top management focus.

- **Plan ahead to devote 70% of overall effort to change management.** From the outset, banks should thoughtfully address change management, talent reskilling, and reshaping organizational culture. Successful institutions proactively redefine roles, ensuring that their workforce feels empowered by new technology rather than threated by it. By taking steps to redirect staff toward revenue-generating activities and growth initiatives, banks can significantly mitigate concerns about job security, while positioning employees and the organization for resilient, long-term success.

- **Ensure that verticals— either businesses or functions—take full ownership of change.** In tandem with that activity, organizations should empower horizontals (such as AI, digital, and technology) to build replicable and reusable capabilities. We have found that adopting ownership by verticals and collaboration with horizontals as an organization's new way of working is the single biggest cultural challenge that financial institutions face.

- **Ensure strong horizontals to house capabilities.** GenAI and agentic AI are new capabilities. Banks need to set up a core, central team that deploys expertise in the big rock programs that verticals sponsor. This team will need to develop a future-proof tech stack that prevents vendor lock-in and can keep pace with rapid innovation in the ecosystem. It must also develop data capabilities to enable efficient data integration across cloud and on-premises environments, route specific information to optimally fit models, and leverage a hybrid architecture and deep workflow integration to permit AI models to run without latency across on-premises, cloud, and edge environments. Today, only 20% of banks have a robust data quality framework, and only 10% have fully documented data. These percentages underscore the urgent need to invigorate longstanding core layer modernization programs to enable real-time actions. For more details on the technical prerequisites involved, refer to two recently published BCG reports.[21]

21. "**For Banks, the AI Reckoning Is Here**" BCG, May 2025. "**Tech in Banking 2025: Transformation Starts with Smarter Tech Investment**," BCG, May 2025.

A leading G-SIB adopted a novel way to ensure focus and boldness. After meticulously evaluating relevant financial and strategic criteria, the bank selected ten distinct areas to transform through AI and GenAI. (See **Exhibit 23**.) A key component of this process was management buy-in to steer progress, address bottlenecks, and make frequent decisions. The institution weighed the following criteria in selecting which processes to transform through AI:

- AI-led transformation should deliver at least $100 million in value through cost optimization or revenue enhancement.
- The transformed process should be a source of competitive advantage.
- The project must be time-bound, with value realizable in two to three years.
- The capabilities developed for one process transformation should be reusable for other processes, thus creating a virtuous cycle.

With these guidelines in place, the institution targeted step changes in productivity, with associated improvements in operating model, organization, skills, and change management.

At the start of an AI transformation, banks should plan how they will implement change management, how they will reskill people, and what expectations and behaviors of staff they will challenge.

EXHIBIT 23

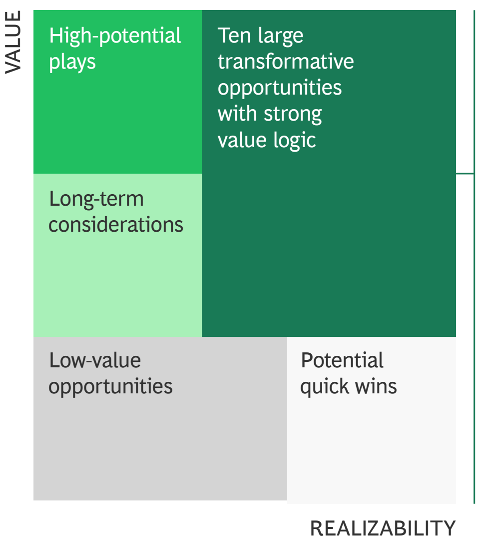
Case Study: A Leading Bank Embraces a Big Rocks Approach to Ensure Boldness and Focus

BCG project experience

Criteria for big rocks

- Large enough to be material and monetizable (e.g., $100 million+ in value)
- Differentiated from competition (e.g., creating or strengthening a moat)
- Realizable in the medium term (e.g., achievable over the next two to three years)
- Extensible and reusable (e.g., applicable to multiple lines of business)

Identification of big rocks



1 Enterprise contact center
2 Mortgage reimagination
3 Retail credit underwriting
4 Developer productivity
5 Next best action/personalization
6 Fraud/KYC/AML transformation
7 Advisor/relationship management assistance
8 Operations assistance
9 Banker assistance (investment banking) productivity
10 Wholesale credit underwriting

Source: BCG project experience.
Note: AML = anti-money laundering; KYC = know your customer.

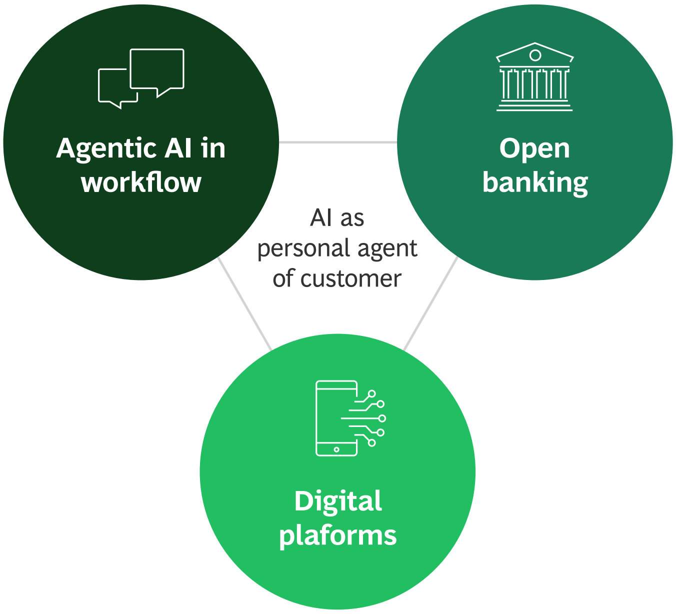
Will AI Be Enough?

Developments in GenAI position the technology to serve as an inflection point in banking—accelerating impact, raising new strategic questions, and amplifying both opportunities and risks. The same new capabilities that banks can deploy to enhance customer experience and improve productivity will be available to attackers to challenge banks even more aggressively.

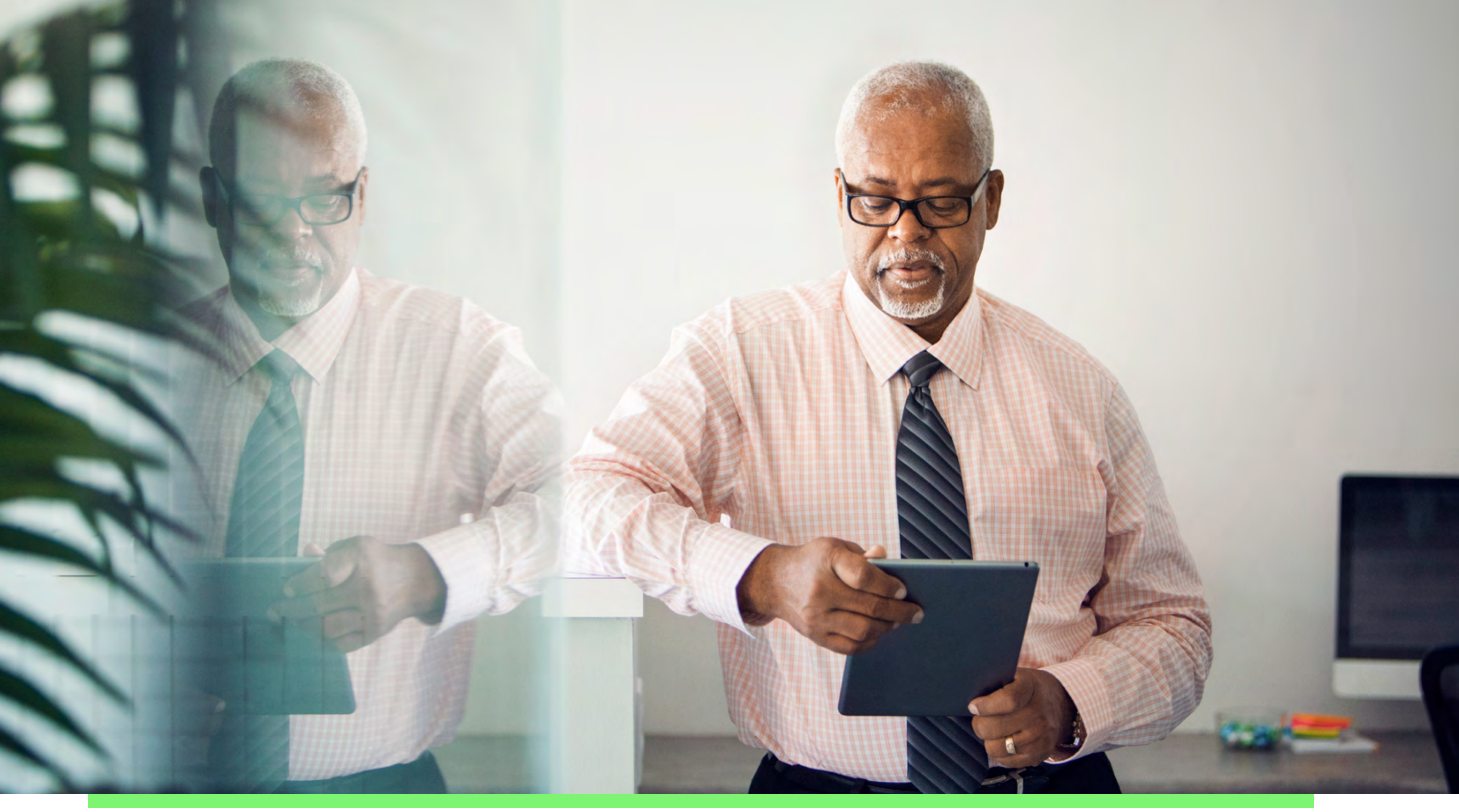
The combination of agentic AI in workflows, open banking protocols that force banks to make their data and systems accessible to third parties, and the emergence of AI applications that work as agents on behalf of customers can be hugely disruptive to bank economics. AI-powered agents will optimize financial decisions in real time, making it easier for customers to switch providers and find better deals. AI-led financial decision making is shifting control from banks to digital platforms that act as financial gatekeepers. GenAI is a hyperaccelerant in this evolution—enabling more autonomous, seamless, and personalized experiences that pull activity away from traditional banking channels. Agentic AI will amplify these changes, making it even harder for banks to own the customer relationship. Banks that once relied on stickiness must earn loyalty in new ways.

Embracing AI boldly will permit successful banks to keep pace with digital platforms and attackers. But it does not guarantee a sustained edge over these rivals. To reinforce banking as an economic force for good in society—especially in the context of a rapidly changing world—policymakers can play an important role in ensuring that banking continues to be a profitable business, while also maintaining strong risk controls and oversight. In Chapter 6, we look at what this redefined role for banks could be.

The Troika of Agentic AI, Open Banking, and Digital Platforms Will Turbocharge the Power of Personal AI Agents That Will Autonomously Optimize Customers' Finances Across Financial Institutions



Source: BCG analysis.



Renegotiating the Social Contract Between Banks and Society

Banks today are licensed to conduct their business under a grand bargain embodied in regulations stipulating what they can and cannot do, in return for having the exclusive right to collect public deposits. For their part, banks serve society by injecting money into the economy with every lending transaction, supporting economic activity, and generating economic growth. If banking is a societal good—and we believe it is—it is important to ask whether current banking regulations enable the banking industry to thrive in its designated role, or whether instead they are creating conditions likely to hamper banking performance. (See **Exhibit 24**.) Weighing heavily on this question is the fact that the technology is rapidly changing the world of finance—and it is not obvious that regulations have kept pace.

The large number of banks trading below book does not bode well for the prospects of both the sector and the economy. And this is only half the story. Banks trading below book are incentivized to give capital back to investors, thus reducing both the capital deployed in the economy and the lending support available for economic growth.

It is thus of paramount importance for policymakers to address this important subject. They need to articulate a framework to ensure that banking remains profitable (with returns above cost of capital) while maintaining strong risk controls and oversight. In this regard, we do not propose more or less regulation. Rather, the point is that the world has changed, and that banks will no longer be able to serve their role in society in the absence of reengagement with the principles of regulation. Some cases will mean more regulation; others might mean less.

Our discussions at this year's IIF and IMF/World Bank spring meetings showed a broad awareness of this subject across stakeholders. Global regulation must deal with two competing paradigms—fostering economic competitiveness and efficient regulation while pushing for common global standards.

We believe that a new grand bargain between banks and society should be based in part on a set of guiding principles.

EXHIBIT 24

Is It Time to Renegotiate the Grand Bargain Between Society and Banks?

Source: BCG analysis.

Encourage Boldness and Experimentation

AI and GenAI could deliver tremendous value in banking, generate new and more satisfying customer experiences, and reduce risks. However, even banks with the financial heft and technical expertise to invest in transformative AI shy away from bolder experiments in order to avoid running afoul of regulations. This is counterproductive. While maintaining a stance on safe deployment, regulations should help nudge the industry toward bolder deployments and experiments. As trusted regulated entities, banks should be a hotbed of innovation and safe experimentation. This would benefit banks, customers, and society more broadly. Deployment of AI at scale in banking will result in a leaner, less distributed physical presence, expanded remote video connections for advice, and user-friendly yet predominantly self-service-oriented propositions. The new grand bargain must acknowledge this leaner presence while insisting on a new set of quality standards governing digital access and usability.

Level the Playing Field for Financial Product Distribution

Banking is a unique business model that creates data-rich, secure, high-trust, and low-cost last-mile access to customers. This access can and should be leveraged to offer customers a wide range of financial services. While welcoming competition from nonbanks, regulations need to promote a level playing field in which banks can distribute all financial products. Societally, a lower-cost channel that expands access to financial services at a favorable cost would benefit the economy.

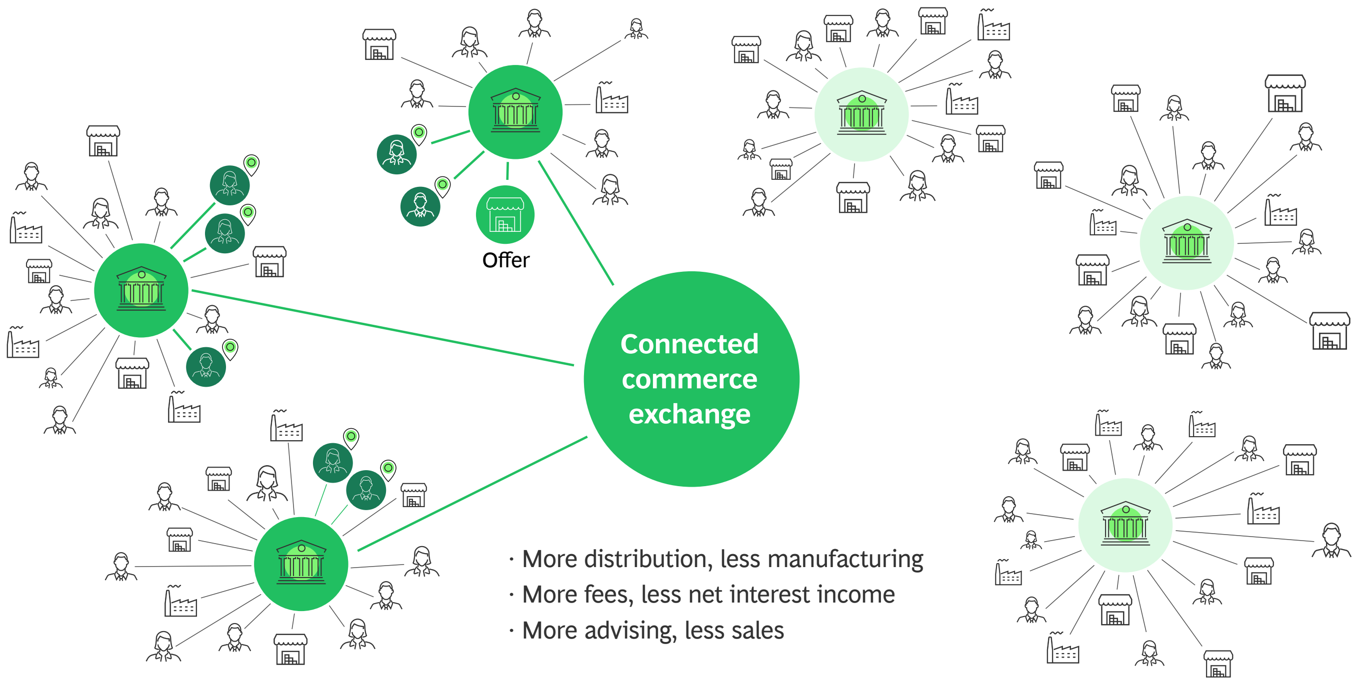
While welcoming competition from nonbanks, regulations need to promote a level playing field in which banks can distribute all financial products.

Endorse Banks' Role as Facilitators of Connected Commerce

Banks are unique in their two-sided access in commerce. As an industry, they have virtually all buyers and sellers on their collective platform. In light of that special status, a renegotiated grand bargain should acknowledge a new role for banking as a facilitator of connected commerce. (See **Exhibit 25**.) For example, connected commerce service providers could work with banks to help small and medium-size enterprises find customers in their preferred geographies, and vice versa. This is a natural extension of banks' traditional role in facilitating international trade through instruments such as letters of credit and guarantee. In the digital age, banks can perform the role much more granularly and with significant added value. For example, banks could offer corporate clients supply-chain solutions that go beyond payments and lending to include order placement, reconciliation, and supplier discovery.

EXHIBIT 25

Should the New Social Contract of Banking Envisage a Bigger Role for Banks in B2C and B2B Commerce?

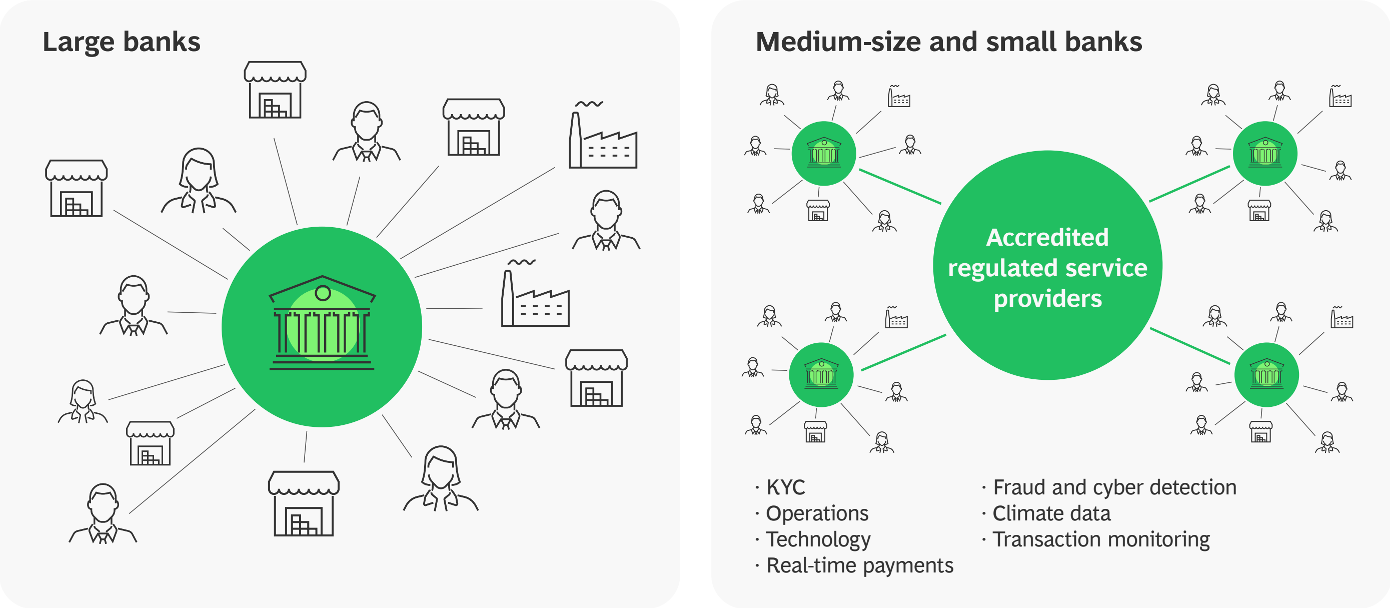


Source: BCG analysis.

EXHIBIT 26

Should the New Social Contract for Banks Envisage Synthetic Scale from Regulated Service Providers in Scale-Sensitive Activities?

Less-consolidated, multiplayer, high-competition banking landscape



Source: BCG analysis.
Note: KYC = know your customer.

Enable Synthetic Scale

As banking becomes more tech and AI intensive, huge economies of scale emerge, benefiting larger banks and thus reinforcing consolidation. For smaller banks, a massive level of scale is generally unattainable, further consolidating the position of the big banks. If policymakers are uncomfortable with increased banking industry concentration, they must acknowledge the important role of industry players that can generate synthetic scale. Whether in the domain of KYC, transaction monitoring, climate data management, fraud and cyber risk management, or operations and technology, these service providers could provide vital scale to banks large and small. (See **Exhibit 26**.) Any new grand bargain must include the accreditization and licensing of these service providers.

Integrate Digital Assets with Traditional Finance

The technology behind digital assets has matured to a point where collective adoption by banks could give them a significant productivity lift. Left to market forces, however, common standards are unlikely to emerge. Regulations could function as standard setters—for example, in capital markets. Tokenization of real-world assets (such as real estate) can digitize and revolutionize secured lending. And finally, stablecoins need to be integrated into the regulated finance world as a transaction instrument, and regulations should allow banks to provide custodial services to clients for digital assets of their choice.

Recalibrate the Balance Between Customer Duty and Customer Financial Literacy

The reenvisioned grand bargain needs to strike a balance between banks' duty to customers and consumers' responsibility to be financially literate. In some instances, regulations designed to serve the interests of consumers can have the unintended effect of dissuading banks from providing a service altogether, which in turn negatively impacts consumers' financial well-being. Moreover, assigning all responsibility to banks and none to customers is likely to encourage diminishing consumer financial literacy. The question of where to draw the line between these two approaches should be a matter of open discussion in the new grand bargain.

Questions for Bank Leadership

As the global economy endures a period of volatility and disruption, banks face both a challenge and an opportunity. They must adapt to a shifting macro environment, but they must also reaffirm their roles as valuable guides and advisors to customers and clients that are navigating the uncertainties.

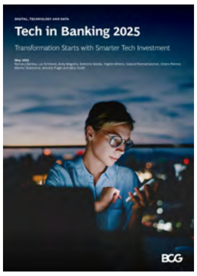
To succeed, banks must address the industry's long-term structural challenges, irrespective of macroeconomic developments. Only by ensuring their economic sustainability and value creation potential for growth and profitability will banks attract capital and fulfill their critical role in the economy and in society more broadly.

To give this important work the priority it requires, we recommend that bank leaders consider and debate 12 strategic questions:

- What is the actual shareholder value generated by each business/segment?
- Do we have the right to win in our priority businesses in the medium term?
- Are we bold enough to rethink our entire portfolio and business mix, divesting or turning around challenged businesses?
- Do we offer distinctive customer value versus our peers, based on unique assets or capabilities? And do we not shy away from pricing our services in line with their value?
- Are we organized to deliver value efficiently front to back (with functions aligned to business purpose) to address customers' future needs?
- Are we empowering horizontals to transfer skills and capabilities, with aligned incentives?
- Do we have an AI strategy that focuses on a few, high-impact areas and financial goals across the bank?
- How are we leveraging offshore capability hubs and vendor partnerships to increase innovation and drive cost and quality benefits?
- Are our digitization programs accountable for productivity, cost reduction, or revenue targets, and do we have a culture of execution excellence and rigorous change management?
- Do we earn the trust of investors by minimizing surprises in financials?
- Are we attracting top quality talent in critical domains, including tech, digital, and AI?
- Are we actively engaging with regulators and policymakers to expand our perimeter of permitted activities to generate additional fees?

Although most of these questions are intuitively important, too many banks initiate large-scale change programs without first achieving clarity on these topics. Bank leaders should question their existing models head-on and in a structured groupwide process, rather than through individual decision making across business units and horizontals. The industry's winners will be those that make tough decisions and commit to thorough execution of priorities.

Further Reading



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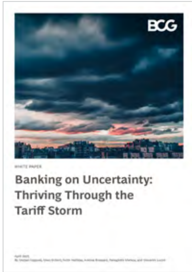

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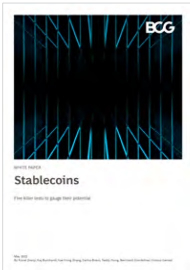

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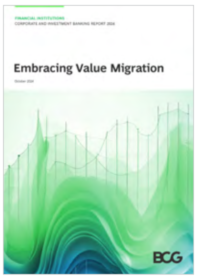

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