

Banking Operations State of the Market 2023

September 2023: Complimentary Abstract / Table of Contents



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Background of the research

An introduction to the themes explored in this report

The banking industry has experienced a challenging year, characterized by significant fluctuations in interest rates, inflationary pressures, and a banking crisis. These dynamic market conditions have necessitated a shift in enterprise priorities, driven by cost pressures and evolving customer and industry dynamics. To shed light on these changes, this report examines the specific areas that enterprises are focusing on and where they require support. Additionally, it explores how service providers are responding to these needs and the extent to which they are addressing them.

The report presents a comprehensive overview of the state of the market for banking operations, drawing on data collected through Everest Group's annual RFI process, interactions with leading banking operations services providers, client reference checks, and ongoing secondary analysis of the banking operations market.

In this study, we investigate the state of the banking market. We focus on:

- Key macroeconomic factors affecting the BFS industry
- Priority areas for enterprises to focus on
- BFS BPS market overview
- Key emerging trends among BFS BPS providers
- Banking operations service provider landscape
- Banking operations outlook

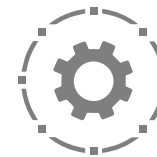
Scope of this report



Geography
Global



Industry
Banking and financial services



Services
Business process services



Use cases
Publicly available information and
Everest Group resources

Overview and abbreviated summary of key messages

The report presents a comprehensive overview of the state of the market for banking operations, drawing on data collected through Everest Group's annual RFI process, interactions with leading banking operations services providers, client reference checks, and ongoing secondary analysis of the banking operations market. It identifies the key implications of the research findings for buyers and providers. The report entails current enterprise adoption trends and near-term outlook to help stakeholders understand expected changes within the BFS BPS market.

Some of the findings in this report, among others, are:

Macroeconomic factors affecting the BFS enterprises

- The high interest rate regime has led to a decline in volume for originations and the refinancing of loans, a fall in bond prices, and increased competition for deposits
- Regulators may take a more proactive and stringent role in overseeing and participating in the banking industry to prevent future crisis

Market adoption trends

- The global banking operations¹ outsourced market grew 10-11% in 2022 and total spending crossed US\$8 billion in 2022
- Mature markets such as North America normalize to lower growth levels in 2022, while emerging markets such as APAC, MEA, and LATAM continue to grow rapidly
- The banking industry is experiencing a shift toward nearshoring due to talent access, while offshoring is expected to grow due to rising cost pressures

Key emerging trends among BFS BPS providers

- The BPaaS has the potential to emerge as the new and preferred delivery model, technology offerings are rising and their inclusion in contracts is becoming necessary
- Providers will need to build and demonstrate credibility in Gen AI space to cater to market requirements

Banking operations outlook

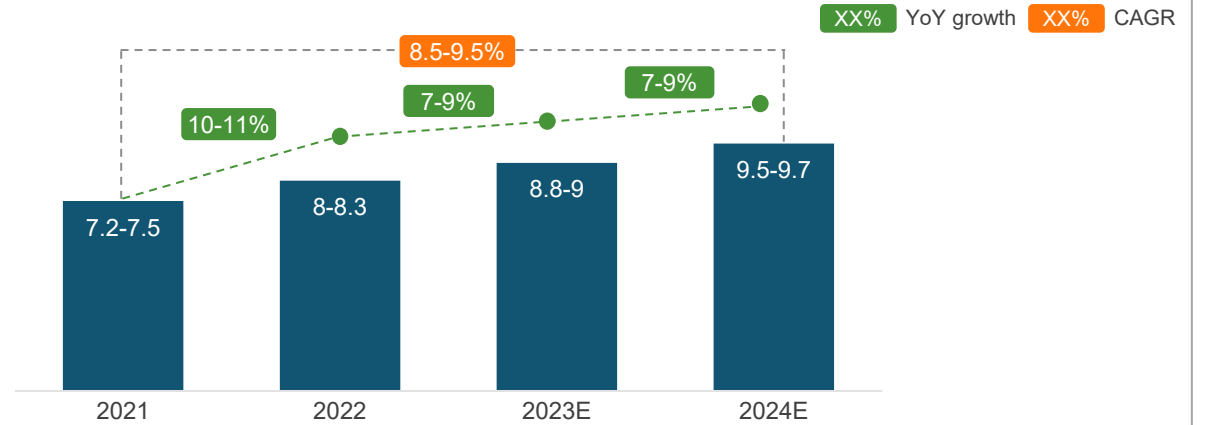
- Differentiated CX in customer onboarding and life cycle management activities, which act as barriers to switch for retail clients have reduced drastically with the arrival of neo and digital-first banks
- Service providers are optimizing backend operations through process reorchestration and tech-driven solutions to protect enterprise bottom lines amid rising costs and low originations

This study offers seven distinct chapters providing a deep dive into key aspects of BFS BPS market; below are four charts to illustrate the depth of the report

Focus areas for BFS enterprises



BFS BPS market size and growth



Service provider focus areas

- Exploring use cases of Gen AI in BFS front-to-back-office operations
- Leveraging a combination of technology and operations in an as-a-service delivery
- Building new capabilities such as ESG reporting and advisory
- Investment in upskilling and improving employee experience while optimizing hiring
- Greater leverage of technology levers, especially analytics, in retail banking and lending

Impact on outsourcing propensity and volumes of processes



Research calendar

Banking and Financial Services Business Process

Published Planned Current release

Reports title	Release date
Financial Crime and Compliance (FCC) Operations Provider Compendium 2022	October 2022
Navigating the Regulatory Tightrope via End-to-End Solutions – Financial Crime and Compliance (FCC) State of the Market 2022	January 2023
Emerging Geographies' Specialized Banking, Mortgage, and Risk and Compliance Needs	February 2023
Capital Markets Operations – Services PEAK Matrix® Assessment 2023	March 2023
Disrupt or Be Disrupted: a Payments Outlook for the Digital Age	April 2023
The FinTech Industry's Outsourcing Needs	May 2023
Generative AI: The New Age of Artificial Intelligence	May 2023
Capital Markets Operations – Provider Compendium 2023	June 2023
BPS Top 50 – 2023	June 2023
Steering through Uncertainty: The Impact of Recent Bank Failures on Banking Enterprises and Business Process Services (BPS) Providers	June 2023
Weathering the Storm: A Roadmap to Navigate the Mortgage Downturn	June 2023
Banking Operations – Services PEAK Matrix® Assessment 2023	July 2023
Banking Operations State of the Market 2023	September 2023
Capital Markets Operations State of the Market 2023	Q3 2023
Banking Operations Services Provider Compendium 2023	Q4 2023

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