



TOP RETAIL BANKING INNOVATIONS REVOLUTIONISING CUSTOMER EXPERIENCE

Abstract

Retail banking innovations are reshaping how financial institutions define customer experience in banking. With rising expectations for convenience, security, and personalisation, banks must evolve to remain competitive. From AI-driven personalisation and mobile-first experiences to ethical data use and gamified engagement, modern retail banking is redefining the value offering for customers. These personalised banking services not only foster trust and satisfaction but also enhance long-term loyalty and operational efficiency. As the financial landscape continues to shift, embedding innovation at every level will be key to delivering differentiated, future-ready customer experiences.

As technology evolves, customer expectations in the retail banking sector are changing rapidly. Convenience, personalisation, and responsiveness – once value-added perks – have now become essentials. Banks and financial institutions that want to stay relevant and competitive must go beyond traditional services and embrace innovation to transform customer experience.

In response to the evolving customer expectations, the global market for customer experience in banking is set to grow at a CAGR of 9.6%, reaching \$57.67 billion by 2026. This growth signals a dramatic shift in how financial institutions prioritise and deliver service. With increasing competition from fintechs, banks need to adopt a forward-thinking approach to retail banking innovations to

attract and retain customers. From 2025 onwards, several innovation trends will dictate the way banks engage with their customers and offer personalised banking services. These shifts go beyond technology. They reimagine how financial institutions build trust, deliver value, and stay competitive in a connected, digital-first world.

Customer experience in banking

Customer experience in banking collectively refers to all interactions a customer has with their bank, from account opening and KYC to in-branch

visits and online account management. It reflects how well a bank understands and responds to its customers’ needs. Today’s customers expect a retail banking

experience that goes beyond personalised banking services or products. They expect:



Ease of use and accessibility: Seamless access to banking services, 24/7, from any device or location.

Security, privacy, and transparency: Enterprise-grade protections to ensure secure and transparent data handling.

Comprehensive support: Access to real-time help, intuitive self-service tools, and human interaction when needed.

Personalised user experiences: Services and customer support interactions tailored to individual preferences, behaviours, and financial goals.

Multi-channel compatibility: Consistent, responsive experiences across mobile, web, and in-branch channels.

Meeting these expectations goes beyond simply offering good service – it is a smart strategy that can be a source of competitive advantage. Prioritising customer experience in banking drives measurable outcomes that directly impact business performance.

Increasing loyalty and retention

A strong customer experience increases loyalty and drives long-term retention.

Increasing customer referrals

Satisfied customers are more likely to point other customers in the brand’s direction and promote it.

Gaining customer trust

Trust grows when customers feel secure, understood, and valued.

Boosting revenue and profit

Personalised, seamless service helps boost revenue and customer lifetime value.

Building competitive advantage

Superior service delivery builds a distinct competitive advantage.

Enhancing brand reputation

Positive experiences enhance brand reputation and credibility in competitive markets.



Reducing customer complaints and issues

Streamlined support and clarity reduce customer complaints and recurring issues.



Improving customer satisfaction and engagement

Thoughtful engagement leads to higher satisfaction and deeper emotional connection.



Enhancing operational efficiency

Efficient experiences improve internal workflows and reduce operational friction.

In efforts to leverage these benefits, banks face mounting pressure to modernise outdated systems, meet rising expectations from digital-native users, and maintain consistency across channels. At the same time, they must balance innovation with strict regulatory compliance while safeguarding customer data.

Retail banking innovations revolutionising customer experience

Retail banking innovations are helping overcome these challenges by enabling scalable digital platforms, supporting omnichannel service delivery, and embedding compliance into workflows. These advances are reshaping the customer experience in banking – making it faster, more secure, and deeply personalised.



Embedded and open banking models

Open banking and banking-as-a-service are enabling financial institutions to create richer, more connected financial ecosystems. By leveraging customer data securely, banks can offer more relevant services and address pain points faster. Lending-as-a-service and embedded finance are also allowing for seamless, context-driven experiences across banking and non-banking platforms.



Mobile-first, digital-only experiences

As mobile apps continue to dominate banking interactions, banks are simplifying digital services for mobile-first users. Mobile retail banking innovations, including digital wallets, virtual cards, and biometric security, provide customers with fast, frictionless transactions. Digital-only banks are setting new benchmarks for customer experience in banking by removing legacy inefficiencies.



Personalisation across the customer lifecycle

Personalised banking services are reshaping how banks communicate, recommend, and support. AI-driven insights are allowing banks to craft segment-of-one experiences – where products, offers, and advice adapt in real time to each customer's behaviour and goals.



Green and sustainable banking practices

Green banking initiatives continue to gain traction as customers demand social and environmental accountability. Offering eco-conscious financial products, promoting digital documentation, and reporting ESG metrics are now essential to building lasting trust.



AI-powered smart automation

AI and automation are redefining customer experience in banking. From predictive analytics to conversational interfaces, banks are using generative AI to offer smarter, faster support while maintaining a human touch. Agentic AI solutions are also emerging as potential solutions to help streamline internal operations and fraud detection.



Real-time, secure payments

Instant, real-time payments are fast becoming the norm. Customers expect transfers, settlements, and confirmations to happen in seconds. Blockchain is also supporting secure, transparent transactions that reduce risk and improve trust.



Ethical data use and regulatory compliance

Banks are under pressure to use customer data responsibly. Ethical AI models, advanced cybersecurity tools, and real-time compliance monitoring have become essential to earning and maintaining customer confidence.



Gamification for enhanced engagement

Gamified tools, like rewards-based savings and financial health trackers, are helping banks boost engagement. These interactive features educate customers while creating emotionally positive customer experiences in banking.



Redefined in-branch experience

Physical branches are not disappearing in the digital-first world, they are evolving. Modern branches are now offering digital kiosks, self-service stations, and community-driven services to enhance value beyond transactions.



Humanised digital engagement

Banks are investing in humanising digital touchpoints, focusing on conversational content with a tone and language that reflects their customers' identities and interests. Connecting through emotion and shared culture is helping foster trust and brand loyalty.



Financial literacy and inclusion

Expanding access to underserved communities remains a key retail banking innovation goal for most financial institutions. Digital tools that promote financial literacy and reduce complexity are essential to meaningful inclusion and bridging the gap between financial inclusion rhetoric and reality.

Improving customer experience in retail banking



To fully realise the benefits of these trends, banks need a clear, strategic approach to experience transformation. The following steps can help banks embrace the retail banking innovation trends and accelerate the impact of improved customer experience in banking:



Assess and plan for adaptability

Start by understanding the evolving customer needs. This can help design flexible service models that can scale and adapt quickly to changing market dynamics and evolving customer needs. Real-time data and effective feedback mechanisms can help banks stay responsive and agile in the face of these changes.



Adopt a customer-first mindset

Prioritise personalisation, consistent service quality, and empathetic, fast customer support across all touchpoints. Make every interaction feel relevant and valuable, regardless of channel.



Invest in future-ready infrastructure

Build seamless, secure, high-speed digital environments that support intuitive, real-time service delivery. Ensure systems are modular, cloud-enabled, and ready for continuous innovation to keep up with the digital-native customers.



Develop workforce capabilities

Encourage a culture of continuous learning and innovation. Upskill employees to harness AI capabilities, empowering them to improve operational efficiency while delivering value in hybrid channels.



Partner with fintechs and innovators

Foster strategic partnerships and collaborations to speed up the adoption of retail banking innovations and introduce complementary capabilities into existing ecosystems. Tap into new technologies and ideas to enhance agility, reduce time to market, and stay competitive and relevant.



Engage and educate users

Deliver clear, consistent communication and guidance across self-service and human-assisted channels. Help customers navigate tools confidently and understand the value of digital-first engagement.



Leverage scalable self-service tools

Empower customers to manage tasks independently with intuitive, always-available options. Designing the tools around user intent can help reduce friction and boost satisfaction for enhanced engagement and customer experience in banking.



Modernise the contact centre

Focus on proactive outreach, AI-powered recommendations, and fast resolution to transform support into a revenue driver. Equip customer support agents with real-time insights to personalise every conversation that fosters stronger customer relationships and loyalty.



Shorten time-to-service

Help customers get what they need instantly, whether onboarding, support, or financial advice. Optimise workflows to remove unnecessary steps and integrate automation for seamless delivery and personalised banking services experience.

By aligning strategy, technology, and culture around evolving expectations, banks can turn retail banking innovations into a powerful driver of long-term loyalty, efficiency, and growth. Transforming customer experience in banking is the future of banking.

Conclusion

Delivering exceptional customer experience in banking is no longer an optional value addition. It has become fundamental to business sustainability and growth. Forward-looking banks that embrace next-gen [retail banking solutions](#) will be best positioned to meet evolving demands and lead a dynamic financial ecosystem.

With rising expectations and fierce competition, banks must embed retail banking innovations into every part of their operations to attract and retain customers. By offering hyper-personalised journeys, adopting ethical data use, and creating engaging, mobile-first services, financial institutions can stand out from the growing competition. Investing in these trends not only helps enhance satisfaction but also ensures future-proof operations for long-term performance efficiency and a sustainable competitive edge.

For more information, contact infosysbpm@infosys.com



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