

Transformative transaction banking trends

The world of transaction banking is undergoing a profound transformation, driven by technological advancements and evolving customer expectations. In this article, we explore 6 key trends that are shaping the future of transaction banking

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Consumerisation of Commercial Banking

This signifies the impact of individual consumer preferences on commercial banking products and services. To navigate this evolution, banks will look at six key tenets:

- Hyper-personalisation
- Real-time, connected journeys
- Action-triggering insights
- Immediacy
- Desire & trust-based decision making
- Friction-free experience - even at scale

Generative AI

Some reports suggest that cost reductions of up to 25% by 2025 are projected with AI-based fraud detection systems. In customer service reports suggest a 72% positive customer interaction rate. These figures highlight generative AI's pivotal role in reshaping transaction banking.

- Risk Management: mitigate risks more effectively by analysing vast amounts of data in real-time, improves credit risk assessment, fraud detection, and compliance monitoring.
- Customer Support: chatbots and virtual assistants provide 24/7 customer support, resolving inquiries, and performing routine tasks, leading to improved customer satisfaction.
- Efficiency Gains: reduced operational costs, accelerated loan processing, and streamlined back-office functions.

Payment modernisation

Driven by ISO20022 adoption, the push for real-time payments, and the G20/CPMI charter, all aimed at enhancing payment safety, speed, and cost-efficiency. ISO20022 brings structured remittance data, purpose codes, legal entity identifiers, and structured addresses into the mix.

- Payment hubs will play a pivotal role, enabling banks to leverage generative AI and linear AI/ML to generate insights, analytics, and personalised offers from structured remittance data in ISO20022 messages.
- Cloud-based SaaS solutions will handle unpredictable payment volumes and data patterns, aligning with real-time payment demands and the CPMI/G20 directive.
- Banks explore sector-specific offerings. Such services require investment in a multi-layer, composable, API-enabled, and rule-



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based payment architecture to create a hyper-personalised, value-added payment experience.

Paperless trade, the digital journey

Banks can potentially save \$25 billion annually by eliminating paper-based trade documentation. Digital trade transactions are 3-4 times faster and error rates can be reduced by up to 50%, minimising discrepancies.

- Digital platforms and blockchain technology simplify and expedite trade finance, reducing the time required for cross-border transactions and minimising errors.
- Paperless trade reduces the environmental impact by eliminating the need for paper documents, transport, and storage, aligning with global sustainability goals.
- Blockchain technology enhances the security and transparency of trade transactions, reducing the risk of fraud and ensuring compliance with regulations.

BaaS and the financial ecosystem

Banking as a Service (BaaS) enables non-banking entities to offer financial services to their customers. BaaS have the potential to generate substantial revenue. By 2025, BaaS could contribute over \$30 billion in revenue globally, driven by transaction fees, API monetisation, and value-added services.

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