Deloitte.

Press release

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Digital banking maturity: Swiss banks fall further behind in the global digitalisation race

Swiss retail banks have lost further ground in the global digital rankings, falling from 18th in 2020 to 27th last year. They achieved a digital maturity score of 39 points, below the global average (41) and way behind the digital frontrunners (60+), which do not include any Swiss banks. Whereas real-time notifications, AI-based savings tools and digital insurance have been standard worldwide for some time, many Swiss banks do not provide these services. The new global digitalisation study by Deloitte shows that banks that fail to catch up will lose customers to more agile digital providers, many of which are based abroad.

The current Digital Banking Maturity study by Deloitte uses a mystery-shopping method to analyse over 1,000 digital banking functions of 349 banks in 44 countries, including 12 Swiss retail banks with combined market coverage of over 80 per cent. Swiss banks have fallen further behind in recent years. Having been in 18th place four years ago and 21st two years ago, they now languish in 27th. In the first study in 2018, Switzerland made the top 5. While other markets have expanded their digital offerings via mobile-first strategies, AI-based customer interaction and innovative embedded financial services, Swiss banks have been losing ground for several years (see Figure on the next page).

Digital onboarding remains inconvenient

Even so, there is progress with digital account onboarding. All but one of the Swiss banks analysed now offer digital account opening. However, waiting times of several hours or days are common in Switzerland. International digital banks enable customers to open accounts in seconds with AI-based real-time checks, as with Apple Pay and Google Pay. By contrast, a video call or even a visit to a branch is often necessary in Switzerland.

“Swiss banks have made a little progress with digital account opening, but the process is still relatively complicated and slow compared with foreign banks. In countries like the UK, a selfie and an ID scan are enough for AI verification and account opening,” says Cyrill Kiefer, Banking Consulting Lead at Deloitte Switzerland.

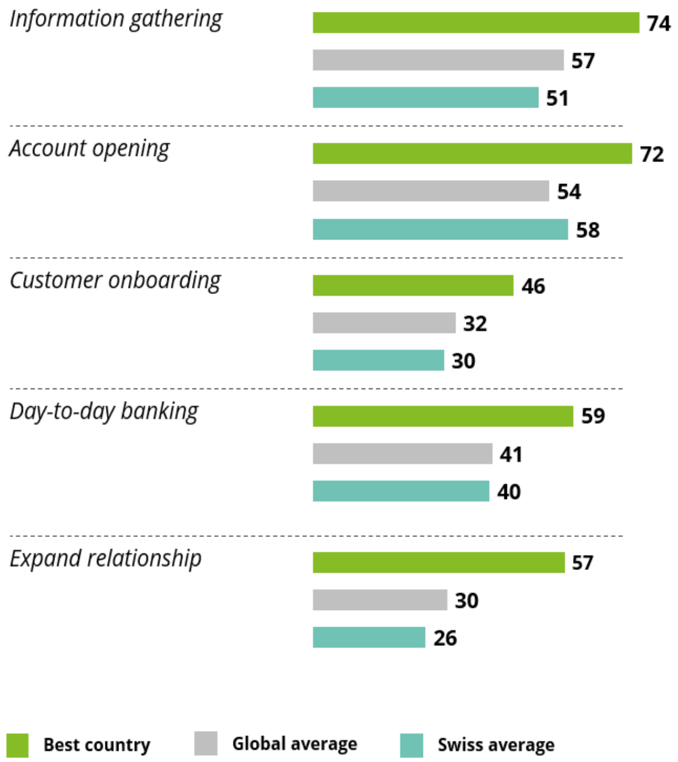

Figure : Comparison of digital maturity of banks. The digital banking maturity score (maximum 100) measures digital maturity across a channel, a customer interaction step or a product group.

Weak customer interaction

Smartphones are becoming established as the primary channel for access to banking transactions, particularly abroad. One example is real-time spending notifications. Yet only around a third of Swiss banks provide this function. When it comes to smart savings functions, the gap is even wider. Only a few Swiss banks use AI-based algorithms to adapt savings plans to individual spending patterns. This automation works on the basis of usage patterns, in the same way as personalised music recommendations by streaming services.

In addition, Swiss mobile banking apps often lack basic functions that encourage interaction and customer retention. Interactive dashboards, customisable budgeting tools and real-time financial analyses are in short supply. Whereas digital frontrunners use AI for automatic categorisation and savings tips, customers of Swiss banks often have to manage their spending manually or switch to external apps. "The true value of digital banking lies not in the number of functions packed into an app, but in how well they meet customers' needs at the right time," maintains Cyrill Kiefer.

Value-added services ignored

Leading digital banks provide two and a half times more value-added services such as public transport tickets, streaming subscriptions and financial management tools. Swiss banks are not using this potential. The gap is particularly noticeable when it comes to embedded insurance services. Just one of the Swiss banks assessed integrates these services extensively. Swiss banks are also lagging behind in the automation of administrative tasks. Tax returns, in-app asset management and one-click invoice payments have long been standard in many global markets.

Largely self-imposed barriers

While digital frontrunners implement innovations quickly, Swiss banks are hamstrung by regulation and a conservative strategy. Furthermore, most of them do not have a clear mobile-first strategy. Whereas digital frontrunners use apps as a central interface, Swiss apps are often just extensions of e-banking. Rather than investing in intuitive user interfaces and customisation, many banks simply rely on extra features, resulting in unclear apps that are not particularly user-friendly.

Banks losing out on growth potential

As well as customer retention being at risk, important new revenue sources remain untapped. Digital frontrunners are increasing their income per user through smart cross-selling and embedded financial products. The lack of integrated insurance policies, investment products and lifestyle services is a major reason why Swiss banks are losing out on growth potential, in contrast with foreign digital champions.

"Banks need to start providing more than just payment and account management, and become digital service platforms. Seamless integration of financial management, modern direct payment systems, subscription management, accounting systems and mobility solutions is essential for banks to become everyday digital companions. Those that play no part in shaping this change risk losing a whole generation of customers," states Cyrill Kiefer.

About the study

The Digital Banking Maturity Study is the world's most comprehensive benchmark analysis of the digital maturity of banks. It examines 349 banks in 44 countries, including 12 of the most important Swiss retail banks, which cover over 80 per cent of the market between them. In Switzerland, the selection comprises universal, cantonal, cooperative and digital banks from all language regions and provides a representative overview of the industry. The analysis is based on an outside-in mystery-shopper method, which was used to test over 1,000 digital banking functions on mobile and online channels.

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