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(HOLDINGS)

NAVIGATING
THE DIGITAL
TRANSFORMATION
IN BANKING

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CONTENT

- Evolution of digital transformation in banking
- 2 Key Drivers of the digital transformation in banking
- 3 Challenges
- 4 Strategies for Success

DIGITAL TRANSFORMATION IN BANKING IS AN EVOLUTION

1960s

The Birth of Electronic Banking Mainframe Computers: Banks begin using

computers for data processing.

First ATMs (1967): Barclays launches the first

Automated Teller Machine (ATM).

Online Banking Emerges

Electronic Fund Transfers (EFTs)

become widespread.

First Home Banking Services:

Some banks offer dial-up services for account access.

1990s

1980s

The Internet Revolution

Rise of Online Banking: Banks launch websites

for basic transactions.

Electronic Payments & Credit Cards gain

mainstream adoption.

Mobile Banking & Security Enhancements

First Mobile Banking & Payment Apps emerge. Stronger cybersecurity with encryption

& multi-factor authentication (MFA).

2000s

The Era of AI, Blockchain, and Embedded Finance -

Al-Powered Banking: Hyper-personalization,

automated lending decisions.

Blockchain & Crypto: DeFi (Decentralized Finance)

challenges traditional models.

Embedded Finance: Banking services integrated into

non-financial apps (e.g., Apple Pay, Google Pay).

Sustainable & Green Banking: ESG-driven digital finance initiatives. **2010**s

2020s

Fintech Disruption & Open Banking

Fintech Boom: Startups challenge traditional banks with

digital-first services.

Open Banking & APIs: Regulatory frameworks (PSD2) enable

data sharing.

AI & Automation: Chatbots, fraud detection, and

robo-advisors gain traction.

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THE DRIVING FORCES OF DIGITAL TRANSFORMATION

Customer expectations

- Hyper-Personalization& Digital-First Banking
- Mobile banking & super apps replacing traditional branches
- 24/7 instant support via chatbots and virtual assistants

Technology advancement

- API-driven banking enabling seamless integration with third-party services
- Embedded finance (banking within non-banking apps like e-commerce & social media)
- Blockchain & decentralized finance (DeFi) disrupting traditional banking models

Competition

- Traditional banks competing with digital-native fintech startups
- Increased focus on agility, faster product launches, and digital-only banking models
- Strategic partnerships between banks and fintechs for innovation

Digital Transformation In banking

Regulatory Compliance

- Global regulations like GDPR, PSD2, and open banking standards driving transparency
- Higher investments in cybersecurity to combat fraud and data breaches
 - Al-powered compliance automation to meet evolving regulations

Efficency

- Robotic Process Automation (RPA)
 reducing costs and improving
 efficiency
- Al-driven risk management and fraud detection
- Cloud migration enabling scalable and cost-effective banking infrastructure

Data driven Decision

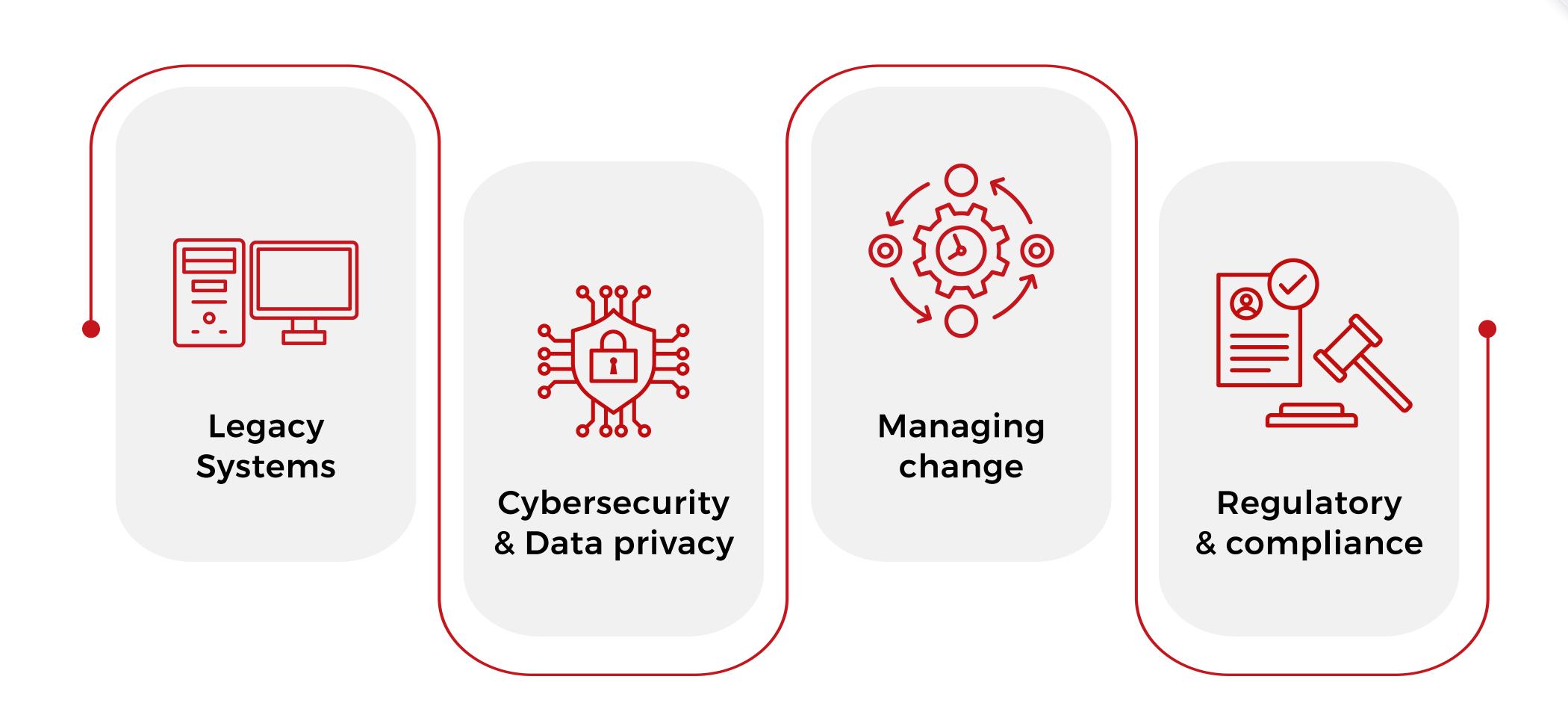
- Al-powered credit scoring and risk assessment
- Real-time data analytics improving decision-making and fraud detection
 - Predictive banking offering proactive financial advice to customers

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Customer expectations	CUSTOMER EXPECTIONS VS BANK PRIORITIES	Bank priorities	Difference in priorities
76%	Omnichannel experience	58%	18PP
65%	Focus on transparency, ethics and social responsibility	25%	40PP
59%	On-demand, anywhere anytime customer service	66%	7PP
48%	Reduce cost/charges of products and services	24%	24PP
47%	Provide value-added FS services	41%	6PP
31%	Improve customer support services	12%	19PP



THE CHALLENGES IN DIGITAL TRANSFORMATION





WHAT WOULD BE THE STRATEGY FOR SUCCESS?

Understanding the customer behavior

Modernize legacy systems

Extended services and offerings

- Customer tiers
- Transaction patterns
 - Spending habits
- Customer journey and interaction
- Financial goals and saving behavior
 - Satisfaction metrics

- Customer centric technologies
- Near Real time processing
- Omni-channel integration
- API and open banking
 - Cyber security
 compliance

- Mobile & online banking
 - Advanced payment
 and lending solutions
- Cross-boarder payments
 - Hyperpersonalization
 - 3rd party services offerings
- Continous interactions through digital channels



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