



FISER CONSULTING
FINANCIAL SERVICES



European Banking Landscape: 2024 Outlook



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INTRODUCTION

In the face of increased oversight, digital innovation, and new competitors, the European Banking Industry has been facing challenges in recent years. **2023 marked a favourable turn, with rising interest rates boosting profits**, but as we enter 2024 the banking industry stands at a pivotal crossroads. Geopolitical tensions, a weak global economy outlook, multiple new regulations coming into force, and the exponential pace of new technologies will set the trends for this year.

Our slide-deck, 'European Banking Landscape: Outlook for 2024' shows the transformative forces your organization should be aware of. From **Generative AI**, which continues to rise in banking operations, enhancing customer experience and improving fraud detection capabilities, to **Sustainable finance**, no longer a niche topic, as banks strengthen their focus on environmentally responsible lending practices. The industry is starting to measure and mitigate **climate and nature risks**, integrating sustainability into core business strategies.

In our paper, we also outline the **importance of regulatory compliance**, from the prudential regulatory requirements, through the evolving landscape of **data management**, to the pressing demands of **cybersecurity**. **Operational resilience** takes on new urgency, ensuring institutions can withstand market shifts and regulatory changes. In this dynamic environment, **Blockchain and Cryptocurrency adoption** are rapidly advancing, motivating banks to strategically position themselves in the new digital asset economy.

Finally, we review the **upcoming regulatory milestones**. These include Basel IV, which will redefine banking capital requirements; the Digital Operational Resilience Act (DORA), focusing on digital risk management; the Market in Crypto Assets Regulation (MiCAR), governing crypto asset activities; Pillar 3 disclosures on ESG risk, enhancing transparency in environmental, social, and governance reporting; and the ECB guide on climate risks, directing banks towards climate-conscious operations.

With FiSer Consulting, leverage these insights to drive your institution forward, ensuring readiness for both the challenges and new opportunities that 2024 presents.

At FiSer Consulting, we operate at the heart of the change. We know what it takes to deliver programmes with challenging timelines, complex governance structures or complex integration challenges, and therefore, we are your assurance for delivery

2024 European Banking Outlook: Eight key trends that will determine the banking sector in the coming year

Exploiting Artificial Intelligence

Improved customer service, financial management, operations' efficiency and detecting frauds

Prioritizing Sustainable Finance

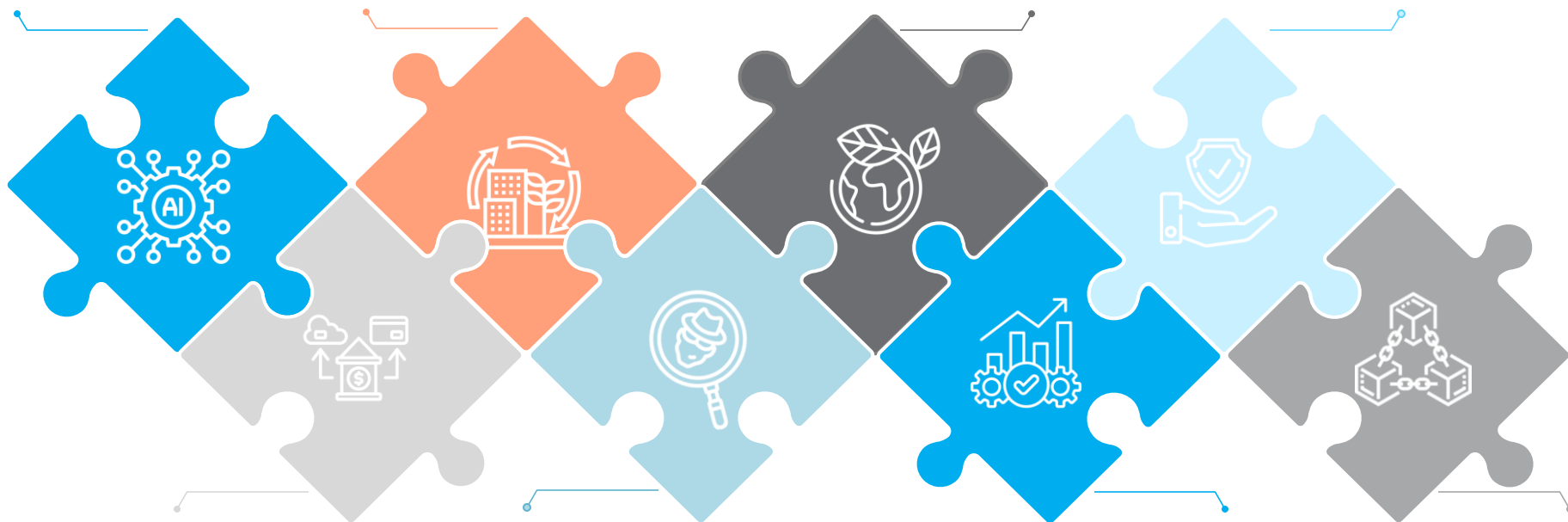
Increasing focus on environmentally and socially responsible financial products

Mitigating Climate Risk

Embedding environmental considerations into lending decisions

Complying with the Regulatory Pressure

Engaging with regulators on evolving prudential, liquidity regulations and stress testing



Emphasize on Data Management

Increase data quality through data governance, risks, and lifecycle management

Elevating Cyber-Security

Heightened focus on countering sophisticated cyber threats


Strengthening Operational Resilience

Improving risk oversight and governance in response to recent bank failures


Further Adopting Blockchain


Integrating blockchain into streamline transactions and exploring cryptocurrency services


As we navigate through a transformative era in European banking, FiSer Consulting recognizes the essential trends to reshape the landscape in 2024. Here's a deeper look into the forces driving change and innovation:


 **Exploiting Artificial Intelligence:** AI in banking is not just about automating tasks; it's a strategic pivot towards understanding customer behaviors, personalizing financial advice, and enhancing risk management. AI technologies enable real-time fraud detection and predictive analytics, leading to more informed decision-making and operational efficiencies.


 **Prioritizing Sustainable Finance:** An important shift towards investments that positively impact the environment and society. Banks are integrating ESG (Environmental, Social, Governance) criteria into their product development and risk assessment processes, encouraging sustainable business practices and investment strategies.

 **Mitigating Climate Risk:** Banks are increasingly assessing the environmental impact of their lending and investment activities. This involves integrating climate change scenarios into risk modeling and decision-making processes, contributing to the global effort to combat climate change and promoting sustainable development.












 **Complying with Regulatory Pressure:** Banks are working closely with regulatory bodies to adapt to new financial stability measures. This involves enhancing liquidity management, improving stress-testing frameworks, and ensuring compliance with evolving global banking standards and regulations.

 **Emphasize on Data Management:** Quality data is becoming critical. Banks are focusing on strengthening data governance frameworks, ensuring data accuracy and integrity, and implementing robust data risk and lifecycle management strategies to enhance decision-making and operational efficiency.

 **Elevating Cyber-Security:** In the wake of increasing digital threats, banks are enhancing their cybersecurity frameworks. This involves investing in advanced threat detection technologies, training staff, and developing robust response strategies to protect customer data and financial assets.

 **Strengthening Operational Resilience:** Enhancing the capacity of banks to withstand financial shocks and operational disruptions. Banks are reviewing and updating their risk management frameworks and business continuity plans to ensure stability and reliability in the face of challenges.

 **Further Adopting Blockchain:** Blockchain technology is being explored for its potential to revolutionize banking operations. Banks are experimenting with blockchain for secure and efficient transaction processing, smart contracts, and exploring the integration of cryptocurrencies into traditional banking services, all while navigating regulatory and security challenges.

| Regulations | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 | 2025 Q1 |
|---|---------|---------|---|--|--|
|  Basel IV | | | | |  01/01/2025 |
|  Digital Operational Resilience Act (DORA) | | | | |  17/01/2025 |
|  Market in Crypto Assets Regulation (MiCAR) | | |  30/06/2024 (Titles III and IV) |  31/12/2024 (Full application) | |
|  Pillar 3 disclosures on ESG risk | | | |  31/09/2024 | |
|  ECB guide on climate risks | | | | |  31/12/2024 |

GET IN TOUCH – BEYOND COMPLIANCE WITH FISER CONSULTING

Our team of experts at **FiSer Consulting** possess a profound understanding of the financial industry's best practices and banking regulation and can provide the **necessary strategies required for successful compliance with banking standards**. By seamlessly combining financial, regulatory, technical, and environmental expertise, we provide comprehensive guidance and support to address the unique needs of your business. **Meet our dedicated colleagues** who can help you with navigating your business to be more successful and unlocking new opportunities:



Jeroen Wiggers – Banking Practice Lead

Jeroen is a banking professional with more than ten years of experience, starting in the consultancy sector at Capgemini Consulting and EY Advisory, where he worked on large-scale regulatory and transformation projects. He was a senior supervisor within the ECB's Single Supervisory Mechanism (SSM). As such, he worked in two of the ECB's Joint Supervisory Teams (JSTs) and supervised implementation of the ECB guide on climate change risks. He has performed several regulatory gap assessments at banks.



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Camila Herrera – Senior Consultant

Camila is a banking professional with a background in Asset & Liability Management, Funding Strategy, and Debt Capital Markets, including sustainability-related transactions. Over eight years of leading cross-functional projects such as the first Chilean AT1 perpetual bond and the first bond with ESG criteria for Santander-Chile, to finance SMEs owned or led by women. Camila is a team builder through collaboration and humility, and she is intrinsically motivated to guide the financial sector in contributing to sustainable development.



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Gabor Lorincz – Consultant

Gabor has proficiency in model development and validation was acquired through previous roles at Zanders and OTP Bank, where he held strategic and analytical positions. He also has valuable experience in NPV, IRRBB, credit risk and climate financial models. He excelled in business case competitions including delivering various innovative and sustainable solutions. He also assisted in a Future Model Landscape Program as PMO with a focus on financial budgeting.



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