

# Cognizant's Center for the Future of Work: How Incumbent Banks can Become Banks of the Future



“EU banks are under threat and are facing massive upheaval from regulation, relentless technology change and disruption from new market entrants,” writes Michael Cook, Senior Manager, Center for the Future of Work. “But help is at hand. Based on our recent research, we’ve devised the Resilient Bank Genome, a framework to build a successful future for incumbent banks.”

Cognizant's Center for the Future of Work recently published the whitepaper, ***The New Banking Genome***. The paper looks at how to build a bank of the future based on culture, technology and ecosystems.

Emboldened and enabled by open banking regulations like the Revised Payment Service Directive (PSD2), digital-first challenger banks and fintechs are making meaningful inroads into traditional banking in Europe by capturing incumbent banks' revenue and luring away previously loyal customers. With new digitally-enabled services springing up, consumers have more banking services choices than ever before.

These new entrants are garnering meaningful financial backing, with six of the first digital challenger banks in the market collectively attracting almost \$1 billion in funding and more than 2.5 million customers since 2014.

In addition, the upheaval expected in the political landscape (i.e., Brexit) adds further fuel to the fire as numerous incumbents with headquarters in the UK face uncertainty around their regulatory future and are, therefore, withholding spending.

Technological upheaval is also causing disruption in the industry with the emergence of innovations such as blockchain, which threatens to unseat central banking authorities like never before. Meanwhile, the technology megaliths, including Google, Amazon and Facebook are lurking at the edge of the industry.

As regulators level the industry playing field, and technology helps to lower barriers to entry and change industry dynamics, European banks need to become ever more resilient, redefining their operating and business models for the new competitive environment, rapidly accelerating their adoption cycles for new tech and drastically increasing their responsiveness to geo-political change.

What will be the cure to these threats? To discover this, Cognizant's Center for the Future of Work, in partnership with Longitude Research, spoke to more than 300 senior leaders from European financial services organizations, including established European banks, challenger banks and fintech firms. Based on this research, Cognizant has devised the Resilient Bank Genome, a framework to build a successful future for incumbent banks.

Click [here](#) to read the full report.

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