For a number of years, the financial sector has been subject to significant transformative trends and the related changes like no other sector.

Client needs are changing, labour shortages are becoming more acute, regulations are becoming more stringent and technological progress is accelerating. In addition, the recent past has been characterised by increasing geopolitical challenges and a completely changed interest rate environment.

Client needs – generational shift and diversification

The next generation of digital natives are accustomed to information being available near-instantly and to receiving individual offers tailored to them, 24/7. As a result, even today, banks need to be able to use open architecture so they can quickly customise products and services to clients' needs and put them at their disposal.

This generation increasingly want to be involved directly in investment decisions; they are looking for a positive client experience and the convenience of digital products, coupled with expertise. This accordingly calls for a hybrid model with a combination of personal contact and digital services. In particular, personal advice is used as a starting point for understanding, managing and monitoring the enhanced complexity, international reach and options associated with financial services as well as the time dedicated to managing one's own assets.

At the same time, wealthy clients are becoming more international and have bank accounts in various countries. In turn, this will also see demand for cross-border wealth management services rise. This is being driven by geopolitical changes as well as the quest for diversification, stability and security in asset-related matters.

Sustainability – an increase in demand

The transformation to a sustainable economy will require active, innovative support from the financial sector. To find out more about the contribution that VP Bank is making to sustainable development in the financial sector, please see the "Commitment to sustainability" chapter.

Female finance – growing interest

Female finance caters to women's growing financial independence and willingness to invest. Despite the fact that women control a rapidly increasing proportion of wealth, they are often frustrated in their attempts to find an advisory service that suits their needs. This trend is also reflected by the growing interest among women in sustainable investment opportunities. Overall, female finance represents a significant, trailblazing area of the financial sector – one which reflects the opportunities and challenges facing society and the new world of employment.

Technology – new opportunities through digitisation

Fintech companies and pure online banks are increasingly gaining market share in the banking sector. Business model digitisation is an important challenge for traditional banks.

In order to benefit from new technologies, a greater level of cooperation will be required between traditional financial service providers and start-ups, which will enrich the market not so much as competitors but rather as complementary providers within a framework of cooperative competition, or "coopetition".

The tokenisation of assets, involving the digital embodiment of real assets on the blockchain or the issue of traditional asset classes in tokenised form, is a key element of the immense potential of blockchain technology. The benefits lie in increasing efficiency through automation and transparency and enabling entirely new business models.

Another challenging issue for the future is raised by quantum computing. This is a rapidly growing technology which uses the laws of quantum mechanics to solve problems that are too complex for traditional computers. This means that the cryptography currently used will no longer be secure in future. Financial service providers need to start planning for this too.

In addition, data security and cyber security measures are becoming increasingly important, with hacker attacks becoming ever more ingenious. These can result in data loss, financial harm and reputational damage. It is therefore essential to invest in robust processes, technologies and the necessary digital know-how in order to guarantee protection against cyber attacks and to comply with statutory requirements.

Industry – platforms on the march

Banks are increasingly entering into cooperation arrangements with, or acquiring equity interests in, fintech and wealthtech companies so that they can offer focused products and solutions to their clients. This can also result in offers being made by third-party providers via an application programming interface (API) in cases involving digital connectivity or through other forms of cooperation.

The trend towards embedded finance goes hand in hand with the expansion of services to platforms. This is understood as the incorporation of financial services into non-financial services. Embedded finance enables companies from outside the financial sector to offer their clients seamless access to financial products and services without having to leave their own company platform or application.

Regulation – increasing complexity

The financial sector has undergone major regulatory changes in recent years, which have been driven by economic, pandemic-related, political and technological developments.

The COVID-19 pandemic resulted in the adoption of measures to protect financial market stability. Increasing digitisation has resulted in the adoption of new regulations in the area of crypto assets, securities dematerialisation, the combatting of money laundering and cyber security as well as regulations applicable to new products. One particularly challenging issue in this area is the regulations applicable to individual markets, since they differ from country to country.

Providing regulation-compliant advice and a range of services based on this will keep becoming ever more complex. As a result, it is likely that institutes will become increasingly specialised.

Employees – labour shortage becoming more acute

Labour shortages in industrialised countries will become considerably more acute over the course of this decade. As the gap between retirees and new entrants into the labour market widens, the need for action on the part of companies as well as investors will become more urgent. Labour shortages confront companies with the question of how quickly they can grow or how quickly they need to invest in automation and/or artificial intelligence in order to make up for the lack of new professionals.

Impending labour shortages will also lead to higher workloads for existing professionals in the financial sector, in some cases causing experienced employees to leave the profession earlier than they would have otherwise done. The shortage of qualified labour will have an impact on employee recruitment and retention as well as competitiveness.

Strategic success factors
Strong corporate culture
Future-oriented, long-term strategy
Client-focused business model
Transformative capacity
Spirit of innovation
Corporate management focused on sustainability