Enterprise Intelligence
to help the banking sector navigate an uncertain future

Verizon’s perspective on industry trends in APAC

Challenges of today

A volatile environment
The world is grappling with inflation, and central banks have responded by raising interest rates at an unprecedented rate. This has exposed weak links in even the most established institutions and led to the fall of major banks in the US and Europe. Geopolitical factors and the rise in cyber attacks, such as Latitude Financial’s recent data breach, are also contributing to market turmoil. According to ANZ Bank Group CEO, Shayne Elliott, conditions aren’t likely to settle any time soon.

Banking crisis in the US and Europe
The sector is on high alert after the collapse of Silicon Valley Bank and Signature Bank in the US, and Credit Suisse in Europe. The possible long-term impacts of the crisis are unknown, and it is likely that businesses and investors will remain cautious in the coming months.

Russia-Ukraine war
The conflict in Ukraine continues to make lenders wary of exposure to Russian borrowers. The effect on APAC banks is minimal so far, but they may still feel some impact via global prices, interest rates, supply chains and macroeconomic performance.

Cyber breaches
91% of organisations experienced at least one cyber incident in the past 12 months. Of these incidents, 56% reported experiencing consequences to a moderate or large extent.

86% of cyber decision-makers agreed that their focus on cyber has a significant, positive contribution to organisational success.

Top targets for cyber attack
- 31% of all global cyber attacks in 2022 occurred in APAC, making it the most targeted region
- #2: Finance and insurance was the second most attacked sector
- 91% of all attacks were targeted at Japan

IT spend and digital transformation
- $6.7TN is the predicted value of the digital payments sector in Asia
- 16.7% rise in APAC security spend predicted for 2023
- 55% of APAC businesses increased IT spend in 2023
- 6.6% predicted growth in ICT spend in 2022
- $1.25TN is the total ICT spend predicted by 2025

Critical technologies
- 89% of banks recognise that a fast, reliable connection to support low-latency applications is a high strategic priority
- 84% of banks acknowledge secure wireless internet for secure meetings at branches is very important
- ¾ of banks agree that reliable broadband access for remote employees is essential to drive productivity and financial outcomes
Key trends

The banking sector continues to rely on technology to boost competitive advantage, drive efficiencies and protect against cyber attacks. IT spend continues to grow but banks are also adapting to regulatory changes for cyber security across APAC.

Regulatory change

The Australian Government is amending legislation to ensure the Reserve Bank of Australia has the power to regulate new and emerging payment systems, such as digital wallet providers.4

The Monetary Authority of Singapore (MAS) has stated that cyber security and trust in financial services are key to achieving Singapore’s goals in the next three years. MAS is working closely with banks and tech vendors to build ecosystems for secure digital adoption. This allows the industry to drive innovation and manage associated risks at the same time.5

Recent amendments to the Japan Banking Act have opened up a breadth of opportunities for Japan’s banking sector. It allows banks to expand beyond traditional roles into ‘beyond banking’ activities.6 These include complementary activities, ones that improve convenience for customers (e.g., fintech), and ventures that contribute to a sustainable society.7

Cyber security

The cyber security sector is predicted to triple in size over the next decade.8 According to Verizon’s 2022 Data Breach Investigations Report, banking continues to be a top target for organised crime through phishing, malware and miscellaneous errors.9

Ransomware has also grown by 13% in the past year, making up 25% of all breaches.10 This highlights the need to prioritise cyber security and build the skills of security professionals.

Connectivity

Technology is essential for delivering the connectivity that underpins a seamless experience for customers and employees. According to Verizon research, fixed wireless access, unified communications, video conferencing apps and cloud-based automation platforms were all identified as critical or very important for financial services.11

IT investment

When it comes to technology spend in banking, there is a lot of focus around enhancing the customer experience. Other top priorities, however, include streamlining operations and strengthening security to protect against cyber attacks. Digital transformation is being driven by digital finance. Telcos and fintechs in the Philippines, Myanmar, Bangladesh and Cambodia are pioneering the use of e-wallets that allow customers to transfer cash via text messages. Mobile point-of-service payments are expected to be the most dynamic segment.12

How Verizon can help

Verizon uses Enterprise Intelligence to help banks meet the challenges of today.

Our 5G technology, when combined with edge computing, AI and ML, can help create a more innovative, efficient digital ecosystem.

Verizon’s solutions support you to:

Improve cyber security with biometric authentication and a bespoke, multi-layered approach to security.

Enhance the customer experience with real-time transactions and personalised banking services.

If you’d like to arrange a meeting with one of our experts, please contact us by email at apaccontactus@verizon.com, or by using the relevant number below.

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Verizon is publishing a full state of the APAC banking sector report in Q4 2023.

In it, we’ll expand on the trends and challenges we’ve discussed here and how our offering can help you meet the expectations of customers, employees, shareholders and regulators.


https://www.fitchratings.com/research/banks/apac-bank-connectivity-2023-v1


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