German Retail Banking 2035: Strategic Foresight for Established Banks Amid Neobank Competition

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Dissertation written under the supervision of Professor Duarte Cardoso Ferreira.

Dissertation submitted in partial fulfilment of requirements for the International MSc in Management, at the Universidade Católica Portuguesa, 5th of January 2026

Abstract (English)

This thesis examines how established retail banks in Germany can use scenario-based strategic foresight to prepare for and respond to neobank competition up to 2035. Against a backdrop of branch consolidation and growing digital competition, the study combines a review of the literature on retail banking disruption with 15 semi-structured expert interviews involving senior leadership members across all three pillars of the German banking system. Based on these insights, a structured impact–uncertainty assessment identifies *Platformisation and Interface Shift* and *Changing Customer Behaviour* as the critical market drivers shaping the German retail banking market.

These drivers form the axes of a 2×2 scenario framework, yielding four plausible futures: *Incumbent-Led Loyalty Banking*, *Incumbent-Led Multi-Banking*, *Platform-Led Loyalty Banking*, and *Platform-Led Multi-Banking*. To make these scenarios operational, the thesis derives a set of measurable early-warning indicators. These metrics connect theoretical future market developments with concrete strategic actions, allowing decision-makers to move from abstract foresight to practical execution. Building on a dynamic-capabilities perspective (sense–seize–transform), the study translates these findings into specific strategic priorities. While cross-scenario no-regret measures focus on modernising legacy IT and data capabilities, scenario-specific options range from reinforcing the digital house bank role to focusing on defensible product niches in platform-led markets. Overall, the thesis provides a structured foresight tool connecting expert insights to concrete strategic actions in an increasingly contested landscape.

Title: German Retail Banking 2035: Strategic Foresight for Established Banks Amid Neobank Competition

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Key Words: Strategic Planning, Strategic Foresight, German Retail Banking, Neobank competition, Scenario Planning

Resumo

Esta dissertação analisa de que forma os bancos de retalho estabelecidos na Alemanha podem utilizar a prospetiva estratégica baseada em cenários para se prepararem e responderem à concorrência dos "neobancos" até 2035. Num contexto de consolidação da rede de agências e de concorrência digital crescente, o estudo combina uma revisão da literatura sobre disrupção na banca de retalho com 15 entrevistas semiestruturadas a peritos, envolvendo membros da gestão de topo dos três pilares do sistema bancário alemão. Com base nestes contributos, uma análise impacto–incerteza identifica *Plataformização e Mudança de Interface* e *Evolução do Comportamento dos Clientes* como os principais fatores críticos que moldam o futuro da banca de retalho na Alemanha.

Estes dois fatores constituem os eixos de uma matriz de cenários 2×2, da qual resultam quatro futuros plausíveis: *Incumbent-Led Loyalty Banking*, *Incumbent-Led Multi-Banking*, *Platform-Led Loyalty Banking* e *Platform-Led Multi-Banking*. Para tornar estes cenários operacionais, a dissertação desenvolve um conjunto de indicadores de alerta precoce mensuráveis, que ligam cenários qualitativos a desenvolvimentos observáveis do mercado e permitem passar de uma prospetiva abstrata para decisões estratégicas concretas. Com base na perspetiva das competências dinâmicas (sense–seize–transform), o estudo traduz estes resultados em prioridades estratégicas para os bancos incumbentes. As medidas "no-regret" incluem a modernização dos sistemas de TI existentes e o reforço das capacidades de armazenamento e análise de dados, enquanto as opções específicas por cenário vão desde o reforço do papel digital do banco principal até à focalização em nichos de produto defensáveis em mercados liderados por plataformas.

Título: Banca de Retalho Alemã 2035: Prospetiva Estratégica para Bancos Estabelecidos Face à Concorrência das Neobancos

Autor: Mike Ehlert

Palavras-chave: Planeamento Estratégico, Prospetiva Estratégica, Banca de Retalho Alemã, Concorrência das Neobancos, Planeamento de Cenários

Acknowledgments

I would like to express my sincere gratitude to my supervisor, Professor Duarte Cardoso Ferreira, for his guidance, constructive feedback, and continued support throughout this thesis. I also thank the interview participants for taking the time to share their insights, which significantly enriched this research. Finally, I am grateful to my family and friends for their encouragement and patience during the writing process.

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List of Abbreviations

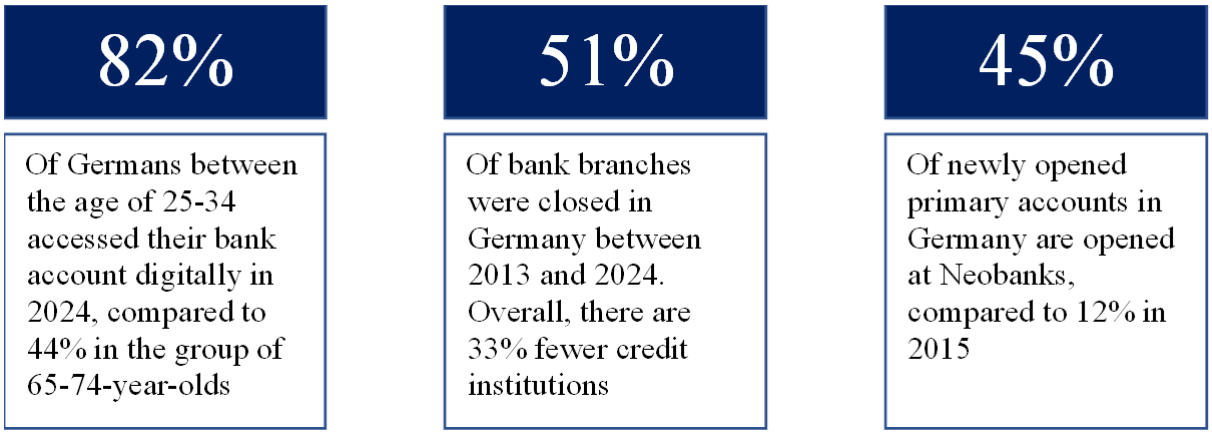
AISP	Account Information Service Provider
AI	Artificial Intelligence
API	Application Programming Interface
BaaS	Banking-as-a-Service
BaFin	Federal Financial Supervisory Authority (Germany)
DORA	Digital Operational Resilience Act
EBA	European Banking Authority
ECB	European Central Bank
EU	European Union
EWI	Early Warning Indicator
Fintech	Financial Technology Company
ICT	Information and Communications Technology
IT	Information Technology
KYC	Know Your Customer
M&A	Mergers and Acquisitions
PISP	Payment Initiation Service Provider
PSD2	Second EU Payment Services Directive
UX	User Experience

1. Introduction

1.1 Background and Motivation

For many years, retail banking has played and still plays a central role in the modern financial systems. For households and families, it provides access to payments, savings and investments, mortgage- and consumer loans, and other financial products. For banks, it offers a broad access to customers and a stable funding base and recurring fee income from everyday financial services. In Germany specifically, this role has traditionally been fulfilled by a dense network of regionally anchored institutions, with personal and often long-standing customer relationships and a very significant focus on trust and reliability. Traditionally, bank advisors have provided guidance to customers across many stages of life: From opening the first bank account, to investing their first salary, to taking out mortgage loans and opening the first bank account for their children.

Figure 1: Indicators of Digital and Structural Change in German Retail Banking



Source: Own Illustration based on DESTATIS (2025), Deutsche Bundesbank Bankstellen-statistik (2014 – 2024), Kröner & Schwarz (2025)

Over the past decade, this environment has changed by a combination of macroeconomic, regulatory, and technological developments. Prolonged low interest rates have put pressure on net interest margins and challenged the economics of traditional branch-based banks, forcing many to reduce their extensive branch network (Busch et al., 2022; Deutsche Bundesbank, 2017). Furthermore, regulatory changes have increased the requirements for customer and client compliance processes, data and risk handling as well as reporting obligations (European Central Bank, 2018). At the same time, advances in digital technologies have lowered entry barriers for new providers and shifted customer expectations, particularly among younger, digital-first segments (Deutsche Bundesbank, 2024; Feyen et al., 2021). Illustrative indicators

highlight how digital usage, branch networks, and the distribution of primary current accounts in the market are already shifting. Those indicators are summarised in the depicted Figure 1 above.

These developments are being utilised by neobanks, brokerage-led financial technology companies (Fintechs), payment specialists and large technology platforms which enter the retail banking sector with digital and mobile-first product offerings. They compete directly for the customer interface and the primary account relationship, which is at the core of incumbents' value creation. Their business models rely on lean cost structures, narrow product scopes, and rapid product development, which seem to contrast with the legacy IT systems and physical infrastructure of established banks (Feyen et al., 2021; Financial Stability Board, 2019). For German retail banks, these developments create a challenge in strategic decision making, even though their traditional strengths in reliability and customer service remain highly valuable.

1.2 Problem Statement and Managerial Relevance

Against this background, the core problem addressed in this thesis is that established German retail banks have to make long-term strategic choices in an increasingly digital and contested market without a structured view of how neobank competition may evolve until 2035. Most industry reports describe current trends, but they rarely translate these observations into Germany-specific, forward-looking scenarios. They often do not distinguish different paths of regulatory change, customer adoption and competitive positioning. As a result, it remains unclear how the retail banking market could develop and which combinations of market drivers could become fundamentally important to keep market shares and relevance.

For managers in German retail banks, this lack of structured foresight is problematic. Strategic decisions on future business models, possible cooperation with fintechs and platforms, and investments in core systems are difficult to reverse. They often take several years until their full effects become visible. It is, for example, not clear whether neobanks will remain focused on specific customer segments (e.g. younger generations) or develop into primary banks for a wider part of the population. It is also uncertain how robust incumbent deposit and fee pools will be if digital challengers capture more of the everyday customer interface. Furthermore, it is open under which conditions platform and BigTech providers could become decisive players in retail banking. Under such circumstances, strategic responses risk being either too cautious and incremental or too aggressive and misaligned with how the market actually develops.

From a managerial perspective, there is therefore a requirement for strategic tools that do not aim to predict a single market outcome but help banks prepare for several plausible futures. Decision-makers require a structured way to identify which market drivers are both highly impactful and highly uncertain. Further, they also need to understand how these drivers can be combined into distinct scenarios, and which observable signals indicate that one scenario is becoming more likely than others. The following section translates this managerial need into the research aim and research questions of the thesis.

1.3 Research Aim and Research Questions

Building on the motivational background and problem statement above, this thesis aims to develop a Germany-specific, forward-looking scenario framework for competition between neobanks and established retail banks up to 2035. The objective of the thesis therefore is to identify and evaluate the most important high-impact and high-uncertainty market drivers, and translate them into a small set of plausible future scenarios. From there, early-warning indicators are derived that ultimately support strategic decision-making in incumbent banks.

This research aim as well as the motivational reasons and managerial needs described in Sections 1.1 and 1.2 guide this paper to the formulation of the key research question presented in *Figure 2.* To address this overarching question, the thesis formulates two subsidiary research questions, presented in *Figure 3 and 4*.

Figure 2: Presentation of Research Question

Main Research Question
How can established retail banks in Germany use scenario-based strategic foresight to prepare for and respond to neobank competition up to 2035, and how can early-warning indicators support their strategic decision-making?

Source: Own Illustration

Figure 3: Presentation of Subsidiary Research Question 1

Sub-Research Question 1
Which market drivers are perceived by experts as most impactful and most uncertain for competition between neobanks and established retail banks in Germany up to 2035?

Source: Own Illustration

Figure 4: Presentation of Subsidiary Research Question 2

Sub-Research Question 2
How can these identified critical drivers be translated into a structured scenario framework that captures plausible competitive futures for German retail banking in 2035?

Source: Own Illustration

1.4 Structure of the Thesis

To address the research aim and questions outlined above, the thesis is organised into five chapters, as summarised in Figure 5.

First, insights into the motivation and managerial relevance of the topic were presented in chapter 1.

Secondly, existing literature on studies conducted within the same field of studies is presented in chapter 2. This is a crucial step in order to understand which relationships were already covered by previous authors and which implications this may have on the research presented in this paper.

Thirdly, the methodology of the conducted research is presented and discussed in Chapter 3. This includes the selection process of the expert group, data collection, market drivers, timeframe as well as the selection of the appropriate data handling frameworks.

Fourthly, Chapter 4 presents and discusses the empirical results. Section 4.1 identifies and evaluates the key market drivers *(addressing Subsidiary Research Question 1)*, Section 4.2 develops the scenario framework for 2035 *(addressing Subsidiary Research Question 2)*, and Section 4.3 derives early-warning indicators and strategic implications for incumbent banks *(addressing the Main Research Question)*.

Lastly, the conclusion of this paper is presented, involving the research limitations, the individual value-add that is achieved regarding the existing literature and suggestions for further research in the study field.

Figure 5: Structure of the Thesis

General Structure of the Master Thesis					
Primary Research Question	*How can established retail banks in Germany use scenario-based strategic foresight to prepare for and respond to neobank competition up to 2035, and how can early-warning indicators support their strategic decision-making?*				
Secondary Research Question	*Which market drivers are perceived by experts as most impactful and most uncertain for competition between neobanks and established retail banks in Germany up to 2035?*		*How can these identified critical drivers be translated into a structured scenario framework that captures plausible competitive futures for German retail banking in 2035?*		
Chapter 1 Introduction	Motivational Background of the Paper	Problem Statement and Managerial Relevance	Research Aim and derivation of Research Questions	Scope, Delimitations and Structure of the Paper	
Chapter 2 Literature Review	German Retail Banking Economics + Landscape	Digital Disruption and Platform Competition	Neobank Archetypes	Incumbent Strategic Responses	Strategic Foresight and Scenario Planning
Chapter 3 Methodology	Research Design	Sampling and Data Collection	Data Analysis	Scenario Development	
Chapter 4 Presentation & Discussion of Results	Qualitative and Quantitative Interview Findings	Scenario Framework for 2035	Strategic Implications for Incumbents		
Chapter 5 Conclusion	Value-add of the conducted research		Limitations and suggestions for further research within the study field		

Source: Own Illustration

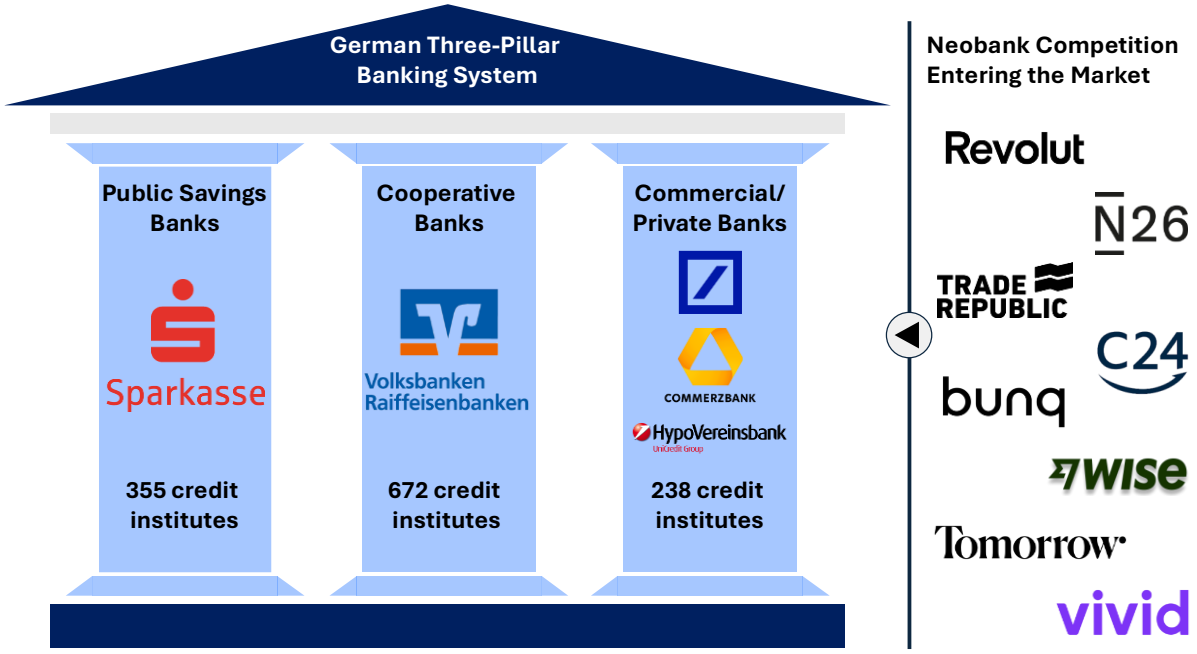
2. Theoretical Discussion (Literature Review)

2.1 German Retail Banking Economics and Landscape

Retail banking is considered to be the economic anchor of the universal bank model. As demonstrated by Freixas & Rochet (2023) and Saunders et al. (2024), retail banking economics

rely on three linked mechanisms. First, stable retail deposits provide comparatively low-cost funding. Second, the primary current account anchors the ongoing customer relationship. Third, cross-selling into payments, savings and investments can generate recurring fee income over time. In Germany, these dynamics are known within the three-pillar system that has shaped the German banking landscape over time. This three-pillar system consists of public savings banks (known as *Sparkassen*), cooperative banks (known as *Genossenschaftsbanken*), and private or commercial banks (e.g. Deutsche Bank or Commerzbank). As of 2024, the three pillars comprise 355 public savings banks, 672 cooperative banks, and 238 private/commercial banks (Deutsche Bundesbank, 2024), as illustrated in Figure 6. Altogether, these banks provide broad geographic coverage and reflect diverse ownership forms and business orientations (Brunner et al., 2004; International Monetary Fund, 2011). This German system has a significant influence on various aspects of competition, including customer loyalty, customer profiles and product offerings. Consequently, it establishes the fundamental benchmark against which digital entrants have to compete and, together with a growing group of digital challengers such as Revolut, N26 or Trade Republic, forms the German retail banking landscape, depicted in Figure 6 below.

Figure 6: German Three-Pillar Banking System and Neobank Competition (2025)



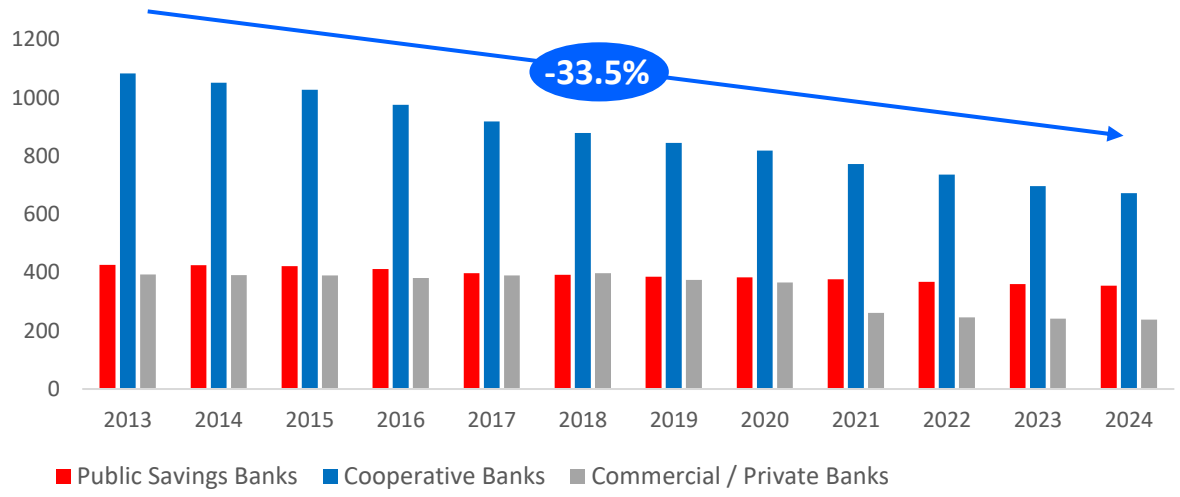
Source: Own Illustration

The profitability of this model depends on the combination of net interest income and commissions, the structure of the corresponding balance sheet, and operating efficiency

(Freixas & Rochet, 2023; Saunders et al., 2024). Earnings are particularly sensitive to the interest-rate cycle because deposit pricing, loan repricing, and the term structure adjusts at different speeds. Even small differences in how banks pass on rate changes to customers, in their mix of instant-access versus long-term deposits can lead to very different results for banks (Deutsche Bundesbank, 2023). In addition to margin dynamics, commission income has functioned as a stabilising factor as banking institutions adjust their product offerings and distribution strategies (Deutsche Bundesbank, 2017). The traditional distribution architecture of incumbents with branch networks, long-standing core operational systems, and compliance workflows builds and supports customer trust on the one hand. On the other hand, it raises costs to serve changing customer needs, slows down product innovation cycles and essentially makes it a weakness of traditional retail banking to execute a real market-oriented strategy (Omarini, 2015). This structural pressure for incumbents can be seen by the 51.8% decline in retail branches and the 33.5% reduction of independent credit institutions between 2013 and 2024. The annually published Bankstellenbericht by the Bundesbank tracks this development and is depicted in Figure 7 and 8 below. While they have once underpinned distribution, usage has steadily migrated to digital channels (European Central Bank, 2025).

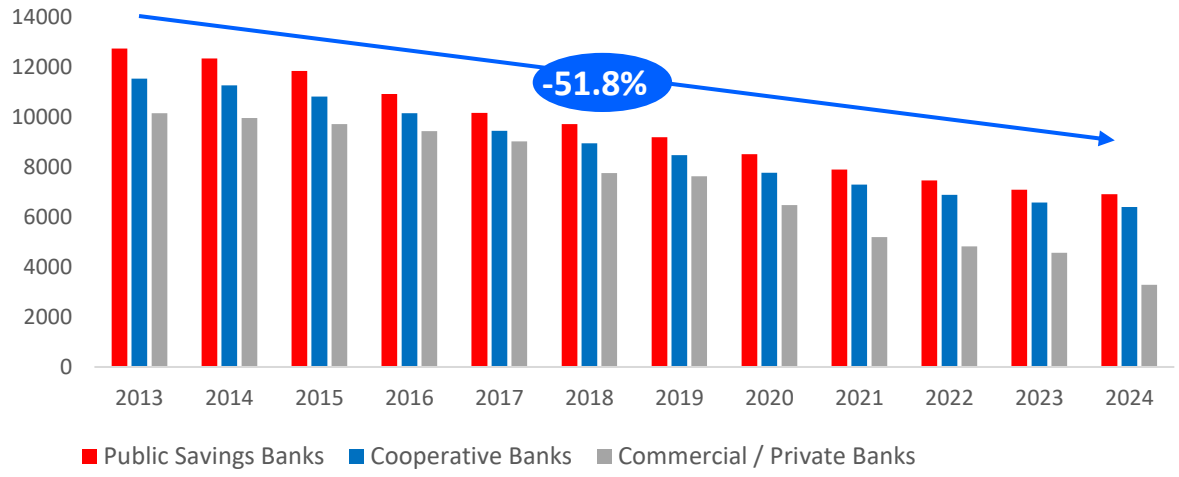
This presents an entry point for digital challengers that compete on onboarding speed, user experience, and lower marginal costs. These challengers often target specific income pools and services (e.g. payments, brokerage) or attempt to capture the primary account itself (Philippon, 2016).

Figure 7: Development of Number of Credit Institutions within the Three-Pillar System



Source: Own Illustration, based on Deutsche Bundesbank Bankstellenstatistik (2014 – 2024)

Figure 8: Development of Number of Bank Branches within the Three-Pillar System



Source: Own Illustration, based on Deutsche Bundesbank Bankstellenstatistik (2014 – 2024)

2.2 Digital Disruption and Platform Competition in Retail Banking

Digital disruption in the field of retail banking is driven primarily by three forces: technological advances, customer preferences, and regulatory changes (Gomber et al., 2018; Vives, 2019). The appropriate implementation of e.g. cloud technology, application programming interfaces (APIs), data usage and artificial intelligence (AI) enable banks to lower delivery costs, shorten product release cycles, and enhance scalability. Consequently, components of banks' IT and distribution expenses are transformed into variable, usage-based costs (Basel Committee on Banking Supervision, 2019; Philippon, 2016). This development has the effect of lowering entry barriers and increasing market contestability. Fintechs and neobanks leverage this to enter the market, often with focused service propositions (Omarini, 2022; Vives, 2019). At the same time, customers are increasingly rewarding speed, convenience, and a clean mobile user experience (UX), thereby shifting their attention to the optimal interface rather than the nearest bank branch, which previously was the main factor for choosing a bank (Vives, 2019).

Under these conditions, the competitive dynamic shifts towards the customer interface and becomes platform-based (Eisenmann et al., 2006; Rochet & Tirole, 2003; Vives, 2019). Meaning that apps and wallets connect consumers on one side and service providers on the other, creating cross-side network effects. Players that optimise customer onboarding processes and learn quickly from data tilt engagement and retention, so distribution economics (acquisition, engagement, retention) increasingly influence margins and fee pools (Rochet & Tirole, 2003; Vives, 2019).

For the third driving force, regulation, the second EU Payment Services Directive (PSD2) has been the major change in recent times with it being implemented in 2018. The PSD2, also known as the open banking directive, establishes regulated third-party roles and requires standardised APIs and strong customer authentication (European Commission, 2018; European Parliament and Council, 2015). If these conditions are met, PSD2 grants licensed firms data and payment access with customer consent, reducing switching costs and separating the current account from associated services sold around it (Basel Committee on Banking Supervision, 2019; European Commission, 2018; European Parliament and Council, 2015; Omarini, 2022). In accordance with the specifications of PSD2, three distinct roles of third-party providers are formally recognised: namely, payment initiation service providers (PISPs), account information service providers (AISPs), and card-based payment instrument issuers (European Parliament and Council, 2015). Table 1 summarises these three categories of third-party providers and illustrates how they access customer accounts and payments via open-banking APIs.

Table 1: Third-Party Provider Roles under PSD2

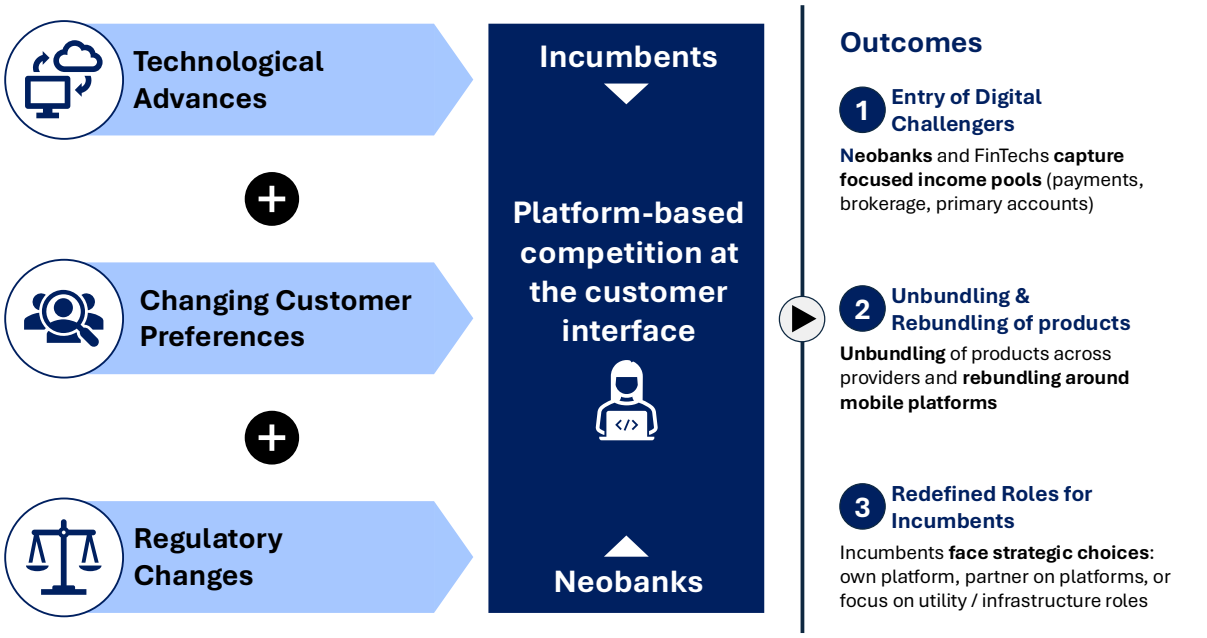
Role (PSD2 term)	Core activity	Typical use cases
Account Information Service Provider (AISP)	Accesses and aggregates account information from one or more banks	Multi-bank account overviews, personal finance management apps, credit scoring
Payment Initiation Service Provider (PISP)	Initiates payments from the customer's account held at another bank	"Pay by bank" at online merchants, bill-payment services, account-to-account payments
Card-Based Payment Instrument Issuer (CBPII)	Issues card-based instruments linked to an external payment account	Fintech debit/virtual cards funded from a current account at another bank

Source: Own Illustration based on European Parliament and Council (2015)

The overall impact of the PSD2 is the acceleration of the unbundling of services (e.g. payments, brokerage, advice), and subsequent rebundling around the mobile interface, as the result of challengers introducing adjacent services (Omarini, 2022; Vives, 2019). It is therefore evident that these regulations and evolving mechanisms define not only how challengers contend for control at the interface, but also the strategic space within which incumbents can act (Basel Committee on Banking Supervision, 2019; Vives, 2019).

These three drivers and the resulting mechanisms of platform-based competition are summarised in Figure 9.

Figure 9: Drivers and Outcomes of Platform-Based Competition



Source: Own Illustration

2.3 Neobank Archetypes and Channels of Competitive Pressure

Building on the mechanisms outlined above, the competitive impact of digital challengers in Germany can be organised into four archetypes, each of which exerts pressure on incumbents through different channels. Conceptually, these models differ by where they position themselves at the customer interface, how they manage complementary and adjacent services, and how they price or subsidise participation across the market. All of those are characteristic of multi-sided platforms and digital platform ecosystems (de Reuver et al., 2018; Hagiu & Wright, 2015; Hein et al., 2020).

Among the most visible new market entrants are challengers specialising in payments, which are shifting transactions from card payments to account-to-account or merchant-based payment flows on mobile devices. By controlling initiation and authentication, these providers compress merchant and card-related fees and relocate interface control to the app that customers use every day. The pandemic accelerated adoption of such digital payment channels, and policy bodies note the potential for concentration at the interface, which can significantly influence the market structure and pricing power (Baba et al., 2020; Financial Stability Board, 2022).

Another archetype of neobanks consists of brokerage-led challengers. Typically starting with a narrow entry point of low-fee trading and mobile investment portfolio handling, they build high-frequency engagement and rich data on customers. Over time, they rebundle adjacent services like savings, cash management, and cards, while still expanding the original offer of brokerage. All of the services are built around the same interface and thereby capture the primary relationship that universal banks used to own. Research on platform ecosystems explains why this path is efficient: clear platform rules on ownership, value-sharing and partner roles let firms plug in new services on top of the existing system rather than recreating it from scratch. From a banking perspective, this reflects a shift in the communication channel with customers away from branches and towards digital touchpoints (Boot et al., 2020; de Reuver et al., 2018; Hein et al., 2020).

A further group has specialised in app-based banking models with full licences to attract salary inflows and direct debits. The result is deposit migration and a reallocation of day-to-day usage towards mobile channels. This reallocation benefits the interface owner rather than the provider of physical network branches. Evidence on European fintech adoption is consistent with this gradual shift in the focus of retail activity (Baba et al., 2020; Boot et al., 2020).

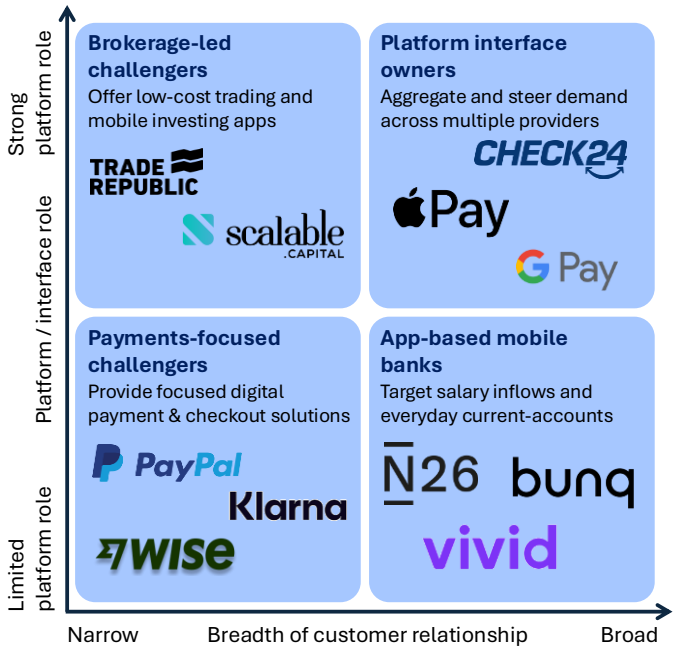
At the other end of the spectrum are platform interface owners, such as device-wallets and comparison marketplaces. These players leverage their access to large customer data bases and steer demand across different financial products. Their gatekeeping power comes from cross-side network effects: the more consumers adopt and use a platform, the stronger the incentive gets for banks to make their products available there, which in turn attracts more consumers. Data scale enhances this effect: since platforms reach very large audiences and acquire knowledge quickly from their data, even minor changes to defaults or rankings can shift big volumes of payments, deposits, or credit. Providers can then reprice or redirect flows across a range of banking products (Arner et al., 2020; Evans & Schmalensee, 2016; Frost et al., 2019).

In the German retail banking market, these four digital archetypes are not purely abstract categories but can be observed in concrete players. Payments-focused challengers include, for example, PayPal, Klarna or Wise, which intermediate everyday payment flows directly at the customer interface. Brokerage-led challengers such as Trade Republic or Scalable Capital build their relationship around low-cost investing and mobile trading and then expand into savings, cash management, and other bank products and services. Platform interface owners such as comparison portals (e.g. Check24, Verivox) or large technology firms (e.g. Apple, Google) use

their reach and data to steer demand across payments, credit, and wealth products. At the same time, app-based banks with full licences, like N26, aim to attract salary inflows and direct debits and thereby shift the primary account relationship towards mobile channels. It is important to note that some digital market players have obtained a full banking licence or operate in close partnership with a fully licensed bank. Therefore, brokerage-led players such as Trade Republic and Scalable Capital are also counted among app-based banks with full licences, even though they started with a concentrated service offering and then re-bundled around a broader set of bank products and services. These examples illustrate how the archetypes described above materialise in the German retail banking landscape introduced in Section 2.1 and depicted in Figure 10.

In the following, the term *neobank competition* is used in a broad sense. It covers not only app-based primary-account challengers, but also brokerage-led challengers, payment specialists and platform players that control the customer interface.

Figure 10: Archetypes of Digital Challengers



Source: Own Illustration

Taken together, these digital challenger archetypes showcase four dominant pressure channels: payments fee pressure and interface shift, engagement-led rebundling from brokerage, deposit and salary migration to mobile-first banks, and distribution and attention capture at the platform

layer, to which traditional banks must strategically respond in order to avoid losing market share and relevance.

2.4 Incumbent Strategic Responses to Digital Challengers

Given the four pressure channels by digital challengers outlined above, incumbent banks can organise their strategic responses around three established paths. They can either build, partner, or buy their own digital capabilities together with the selection of a customer interface. This choice of customer interface is given by either competing mainly through the bank's own interface or also enabling third-party interfaces via Banking-as-a-Service (BaaS). Prior work maps the collaboration space between banks and fintechs and shows that responses differ by objective like time-to-market, capability access, or control, governance, and the role banks choose to play in digital ecosystems (Gozman et al., 2018; Klus et al., 2019).

A build response focuses on internal modernisation of the bank's own interface and capabilities. Typical strategic decisions within this path typically include upgrading core banking systems, strengthening the mobile UX and digital appearance, as well as investing in data and AI. Those measures allow to lower the cost-to-serve and thereby help to defend the primary customer relationship. Research on digital bank transformations indicates that these programmes succeed when they are structured as capabilities (i.e. sense, seize, transform) rather than as isolated IT spend, and when they are aligned with clear sources of advantage (Warner & Wäger, 2019). In the EU build programmes have to follow binding information and communications technology (ICT) risk and resilience obligations, outlined in the Digital Operational Resilience Act (DORA), which was passed in 2022 and has been in force since January 2025. DORA provides clear regulations for ICT third-party risk management, digital operational resilience testing, and ICT-related incidents management (European Parliament and Council, 2022).

A partner response is the foundation of alliances which are made between incumbents and digital challengers. Typical examples are white-label arrangements or platform participation to access capabilities (e.g., onboarding/KYC, payments, brokerage). The collaboration literature identifies common interaction types which typically consist of accelerators, product partnerships, minority investments, or white-label and BaaS. The strategic fit of complementarity, governance design, and learning routines often drives outcomes more than the deal itself (Klus et al., 2019; Riikkinen & Pihlajamaa, 2022). Within this space, BaaS allows traditional banks to provide licensed access to third-party brands, while beyond-banking arrangements put the banks' products into non-financial platforms. Thereby both expand reach

but increase dependency and conduct risk, which supervisors highlight (European Banking Authority, 2021). The EU set rules for such models through the EBA's outsourcing guidelines covering critical and important functions, exit and concentration risk and through DORA's oversight of critical ICT providers (European Banking Authority, 2019; European Parliament and Council, 2022).

A buy response uses investments or acquisitions to secure capabilities when speed and control are required, or the incumbent itself is not able to produce those capabilities on their own and strategic alliances are not possible. Evidence from M&A transactions within banking and financial-services shows that the acquirers tend to be better capitalised and more liquid, and that governance and integration capacities are central to fully capturing the strategic added value. Therefore, it is evident that the buy path should be a selective tool rather than the strategic default way (DeYoung et al., 2009; Kwon et al., 2024).

2.5 Strategic Foresight, Scenario Planning, and Early-Warning Indicators

As described in Sections 2.1–2.4, the retail banking market is characterised by high uncertainty, particularly around interface control, digital challenger positioning, open-banking adoption, and deposit dynamics. Under such conditions, straight forecasts of market developments are fragile. For this case, scenario planning offers a structured way to explore multiple plausible futures, stress-test strategies, and improve managerial judgment for different future scenarios rather than predict a single market outcome and development (Courtney et al., 1997; Wack, 1985). Therefore, strategic foresight allows to broaden the strategic conversation beyond incremental planning, especially in markets undergoing long-run or uncertain transitions.

In this thesis, these scenarios are used as a tool to structure future competitive possibilities for the German retail banking market and to clarify decision trade-offs for incumbents. Building on Wack's Shell scenario work and Courtney et al.'s framework on strategy under uncertainty, scenario sets are typically designed to be internally consistent and mutually distinct and to support strategic decision-making (e.g. by clarifying no-regrets moves and options), rather than to deliver a single probabilistic forecast (Wack, 1985; Courtney et al., 1997). More broadly, strategic foresight is viewed as a dynamic organisational capability: repeatable sensing and interpretation of the market and its future developments are embedded into the core strategy (Schwarz, 2020; Scoblic, 2020). This aligns with the managerial view that the strategic planning should lead to and force real operational choices under uncertainty (Kenny, 2022).

In order to be able to connect foresight to action, scenarios are paired with early-warning indicators. Following strategic foresight practice, scanning for signals and weak signals helps to translate abstract drivers into observable and defined metrics, which are applicable in practice. With these, managers can recognise which possible future scenario is unfolding and adjust in time (Webb, 2021). Section 3.1 provides the step-by-step method for scenario construction and indicator specification drawing on Wack (1985) and Courtney et al. (1997).

3. Methodology

3.1 Research Design

In order to answer the research questions formulated for the German retail banking sector, the thesis uses a qualitative expert study combined with a future-oriented scenario-construction approach. The goal of the expert interviews is to understand how established banks are affected by neobank competition and to identify the main forward-looking market drivers in the retail banking market. Expert judgements on those market drivers are then used to identify the critical drivers: those with high impact and high uncertainty for future strategy and decision-making. Further, those critical drivers are used to build a small set of plausible scenarios supported by early-warning indicators. These scenarios are then used as decision aids rather than forecasts (Wack, 1985; Courtney et al., 1997).

The time horizon for the study and for the interview questions is 2035, which aligns with the speed of regulatory implementation, customer adoption of digital channels, and technology advancements set out in Sections 2.1–2.5.

From each expert interview, two forms of data are gathered: First, qualitative insights on how the current market situation is developing, how neobank competition is perceived in the market and which strategic options this produces. Secondly, structured ratings on a predefined set of market drivers, which are perceived as the most influential drivers looking forward. Figure 11 provides a schematic overview of this research design. This thesis uses a bank-centric, expert-based perspective and therefore does not collect primary customer data (e.g., surveys on switching, channel adoption, or multi-banking). As a result, assumptions about customer behaviour in the scenarios are based on expert judgement rather than directly observed customer preferences, which may reduce robustness in behaviour-driven parts of the narratives. This is addressed by translating the scenarios into early-warning indicators that can be tracked with market research and internal analytics over time.

The following subsections describe in detail how experts are sampled, how data are collected, and how these two streams are then analysed and merged into scenarios, early-warning indicators and strategic actions.

Figure 11: Research Design Overview

Source: Own Illustration

3.2 Sampling and Data Collection Procedures

In order to collect the empirical data for this thesis, purposive expert sampling was applied and semi-structured expert interviews with senior professionals from traditional German retail banks and related institutions were conducted. The target group is decision-makers and leaders who work in established banks or closely related activities, such as strategy consulting in the German Financial Services ecosystem. This includes, for example, board members, heads of retail banking or digital, and senior strategy or banking consultants with a project focus on the German market. Experts were only selected and interviewed if they have several years of experience and leadership responsibility in retail banking or financial services, hold a role with a broad, strategic view on the market, and are familiar with the main neobanks active in Germany.

Within this group, the selection of experts also aims to reflect the structure of the German three-pillar banking system. Therefore, the interviews include experts from public savings banks, cooperative banks, and private banks. This selection is complemented by a smaller number of experts from strategy consulting firms. Experts were identified through the professional and

academic network and recommendations by interview partners during the process. Potential participants were contacted individually by email or via professional platforms and received, along with the invitation, a short description of the research topic, the interview format, and the expected time effort.

In total, 15 expert interviews were conducted between October and December 2025. Across interviews, the relative patterns in driver ratings and the qualitative rationales supporting these ratings became largely repetitive, suggesting diminishing returns from additional interviews. Therefore, the expert sample size of $n = 15$ was deemed sufficient to achieve theoretical saturation for the predefined driver set used in this study since interviews no longer yielded materially new insights (Guest et al., 2006).

In order to protect the anonymity of experts, the individual job roles and titles are reported in a summarized form, so that no specific institution or person can be identified from it. A more detailed overview of the sample composition is provided in Chapter 4.

To ensure comparable data collection across all interviews, a semi-structured interview guide was used for all interviews. This interview guide follows the logic of the research questions and is structured into four main blocks. First, the current state and developments within the German retail banking market and the perceived competitive impact of neobanks on incumbents. Second, the main market drivers and uncertainties that may shape the market until 2035. Thirdly, the strategic response options available for established banks as well as options for positive differentiation and no regret moves. And lastly, possible early-warning signals of major market changes. This format gives a common structure across interviews and also allows experts to highlight topics they consider important and to bring in additional drivers or competitive dynamics.

The interviews were conducted remotely via video call or by telephone, depending on the preference of the expert, and typically lasted between 20 and 45 minutes. At the beginning of each interview, the topic of the study was briefly introduced again and the structure of the conversation explained. Further, verbal consent for participation and, where applicable, audio recording was obtained. All interviews were conducted in German to capture the full depth and nuance of the experts' strategic insights in their native language. Experts were also explicitly asked not to share any client-confidential information and solely focus on their perception of general market developments and strategic patterns. In this way, ethical considerations and consent are guaranteed.

From each expert interview, in addition to the qualitative discussion, structured ratings on a predefined set of market drivers were gathered. The list of rated drivers was derived from the competitive dynamics outlined in the literature review (Sections 2.1–2.5) and then discussed in pilot interviews with three market experts. The pilot interviews served solely as a pre-test to refine the interview guide and the driver list; they were not included in the final empirical dataset, and no verbatim transcripts were produced. These open preliminary discussions were used to validate which drivers were most relevant for the 2035 horizon and to ensure that the definitions were clear and practically meaningful for the interviewees. This ensured that all interviewees were presented with the same, theoretically grounded set of options and allows comparability across interviews. For each driver on the list, the expert was asked to assign two scores on a 0–10 scale: an “Impact Score” capturing the effect on the established bank, and an “Uncertainty Score” indicating how unresolved the outcome, timing, or magnitude remains. For each pole of the scales, the expert was given definitions and examples to better understand the magnitude and effects of the corresponding rating. The given list of pre-defined ratings as well as the definition of their poles is given below in Table 2.

Table 2: List of Pre-Defined Market Drivers

Driver	Definition Impact = 0	Definition Impact = 10	Definition Uncertainty = 0	Definition Uncertainty = 10
Primary account migration to neobanks	Primary banking relationship remains largely with incumbent banks	Noticeable share migrates to neobanks; deposit and earnings base affected	Direction and speed are broadly foreseeable	Highly open (depends on willingness to switch, incentives, etc.)
Platformisation and interface shift	Bank channels remain the primary interface; direct customer access	Third-party interfaces dominate; banks lose direct access	Role of wallets and BigTech is largely foreseeable	Entry paths, regulation, and cooperation models are completely open
Competition for deposits and interest rates	Net interest margin and deposit volumes remain broadly stable	Margin and volume pressure on deposits; continuous campaigns required	Interest-rate path and competitive intensity are relatively clear	High volatility corridor for rates and competitive behaviour
Regulation and market infra-structure	Only incremental effects; market structures remain broadly similar	Market structures and value creation shift fundamentally	Content and timing are largely clear	Direction, depth, and timetable are open
Customer behaviour	Behaviour close to the status quo	Broad behavioural change alters economics (price sensitivity, willingness to switch)	Trends are stable and reasonably predictable	Adoption patterns and customer segments are uncertain

Source: Own Illustration

These ratings were usually collected at the end of the interview and, in summary, the data set from each expert consists of two elements: qualitative, open-ended insights into how neobank competition and market developments are perceived, and a structured evaluation of key drivers in terms of impact and uncertainty. The next section describes how these qualitative and quantitative elements are analysed and combined to identify the critical drivers used for scenario construction.

3.3 Data Analysis

In order to derive empirical results, both data streams from the interviews are analysed: the qualitative, open-ended insights and the structured ratings of selected market drivers. The goal

of the analysis is to identify the most important market drivers in terms of impact and uncertainty for established banks, the so-called critical drivers, and to understand how experts describe possible future developments and strategic responses towards 2035.

For the qualitative part, the interviews were processed and summarized into structured interview records. Serving as a thematic synthesis, these documents were translated into English using AI-assisted tools and manually cross-verified to ensure accuracy. The organization of these records follows the structure of the interview guide as described in section 3.2, capturing the market opinions and assessments of the experts. Each structured interview record is provided within the appendix, and where audio recording was permitted, a detailed transcript is also provided in German. The Pilot interviews and discussion were used exclusively for instrument refinement and are therefore not part of the qualitative material analysed in this thesis.

In a second step, the interview protocols were compared systematically across experts and the corresponding banks. Particular attention was paid to statements related to concrete developments in the German market, the role and market impact of neobanks, specific market drivers and uncertainties and the strategic differentiation capabilities for incumbents. Similar statements were grouped and noted together, which allows to evaluate how different experts talk about neobank competition and future market developments, and to see where views converge or differ. This second step follows the general principles of qualitative content analysis (Mayring, 2014).

The resulting output is later used in two different ways. First, it supports the interpretation and naming of the market drivers that are rated by experts and helps to understand what experts have in mind when they assign high or low impact and uncertainty scores. Second, it provides qualitative material for the future scenario development and managerial consequences in Chapter 4 and Chapter 5, so that the quantitative ratings are embedded in concrete descriptions of future market developments.

For the structured driver ratings, ranging from 0 – 10, all scores were collected and summarized in a single table, with one row per expert and one column for each driver and rating. For every market driver on the predefined list, basic descriptive statistics were calculated across all experts, in particular the average impact score and the average uncertainty score, as well as the range of the given ratings. These statistics are then used to rank the drivers by their perceived average impact on established banks and by their perceived average uncertainty.

Based on these averages, each driver from the predefined list was positioned in an impact–uncertainty matrix. Drivers with higher average impact scores relative to the list are considered high-impact, while drivers with clearly higher average uncertainty scores are considered high-uncertainty. Rather than a fixed numerical threshold, this comparison reflects the expert assessment of which market drivers stand out as most relevant for future strategy and decision-making. The result of this step is a shortlist of drivers that are both high in impact and high in uncertainty from the perspective of the interviewed experts.

In a final step, the quantitative driver ranking and the qualitative interview findings were brought together, with particular attention to drivers that score highly in the impact–uncertainty matrix and are frequently discussed in the interviews. To mitigate potential expert bias, the analysis employed a form of triangulation by cross-verifying the experts' subjective qualitative statements against their structured quantitative driver ratings. This step ensures that the evaluation of critical drivers for the scenario construction were consistent across both data types. This approach makes it possible to identify the two critical drivers that form the basis for scenario construction and to check that they represent distinct sources of impact and uncertainty rather than two aspects of the same underlying phenomenon. This check of conceptual independence ensures that the later scenarios are built on different futures and not on overlapping ones with different labelling. The selected pair of critical drivers serves as the input for the scenario construction and the development of early-warning indicators described in Section 3.4.

3.4 Scenario Development, Early-Warning Indicators and Strategic Action

This section draws upon the findings of the data analysis outlined in Section 3.3, elaborating how the two critical drivers are used in the construction of future scenarios for German retail banking. Further, it elaborates how these scenarios are then linked to forward-looking strategic implications for established banks. On this basis, a small set of illustrative early-warning indicators is specified for each of the four scenarios, including indicative threshold levels to enable structured and repeatable monitoring.

In a first step, the two critical drivers are treated as the main driving forces and critical uncertainties for the German retail banking market. For each driver, the underlying mechanism and its relevance for established banks are described, and the two opposite poles of the driver are formulated in a way which is observable in practice. The poles are chosen so that they

capture meaningful differences in how the market could evolve, while remaining consistent with the expert interviews and captured market insights.

In a second step, the two critical drivers are combined into a 2×2 matrix. Each axis represents one critical driver with its two poles, and the four quadrants represent four different combinations of how these drivers might unfold towards 2035. In this way, the matrix provides the foundation for planning across four plausible future scenarios instead of relying on one official view of the future. For each quadrant, a qualitative scenario narrative is developed that describes how the German retail banking market could develop in terms of market structure, and further to be defined important market drivers and metrics. These narratives rely on the patterns identified in the expert interviews and on the mechanisms discussed in Chapter 2.

On this basis, a small set of illustrative early-warning indicators is specified for each of the four scenarios. The two critical drivers and their poles inform these indicators, but they are defined at the scenario level and anchored in the qualitative scenario narratives. The objective of these is to facilitate the process by which managers assess whether their environment is undergoing a transition towards one of the four aforementioned scenarios. This, in turn, should enable the implementation of timely and concrete strategic actions and focal areas for incumbent banks. Overall, the scenario framework is designed as a forward-looking decision support tool rather than a purely descriptive exercise.

To summarise, the objective of the scenario development and early-warning indicators is to establish a connection between the empirical assessment of market drivers and forward-looking, strategic decision support for established banks and their managers. The resulting 2×2 scenario framework and indicator set are presented and discussed in detail in Chapter 4.

4. Presentation and Discussion of Results

4.1 Interview Findings: Critical Drivers and Evaluation

Section 4.1 presents the empirical findings from the expert interviews and the structured driver assessment and thereby addresses the first subsidiary research question, namely:

Which market drivers are perceived by experts as most impactful and most uncertain for competition between neobanks and established retail banks in Germany up to 2035?

Section 4.1 first briefly describes the composition of the expert sample, then summarises the experts' qualitative perspectives on neobank competition and broader market dynamics, before

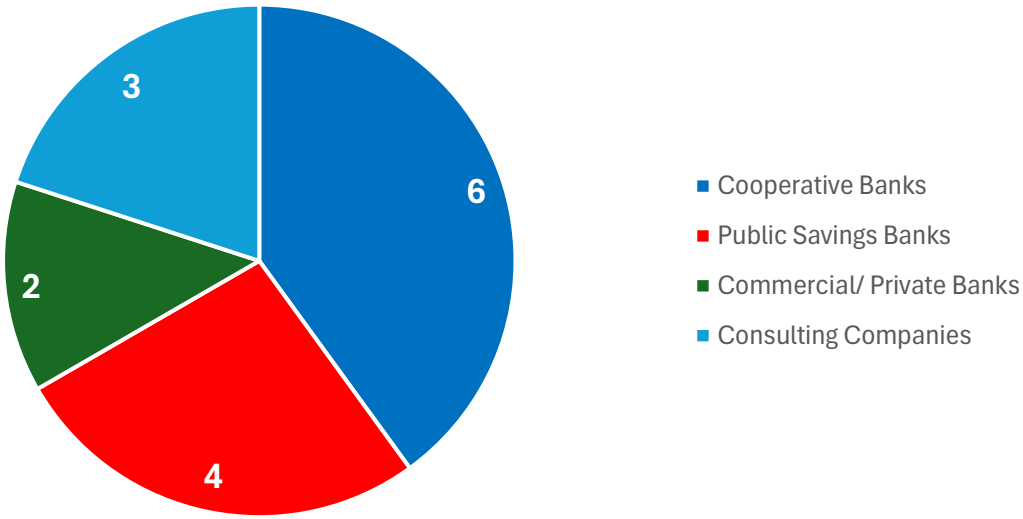
presenting the aggregated impact and uncertainty ratings for the predefined drivers and their descriptive statistics. Afterwards, the two critical drivers, that will form the axes of the scenario framework in Section 4.2, are identified.

4.1.1 Expert Sample

As outlined in the research design, 15 expert interviews were conducted with senior practitioners from across the German banking system and consulting firms with focus on financial services. Their statements and assessments and the evaluation thereof, build the empirical foundation of this paper. Figure 12 summarises the composition of the sample by institution type, while Figure 13 reports the distribution across aggregated role categories.

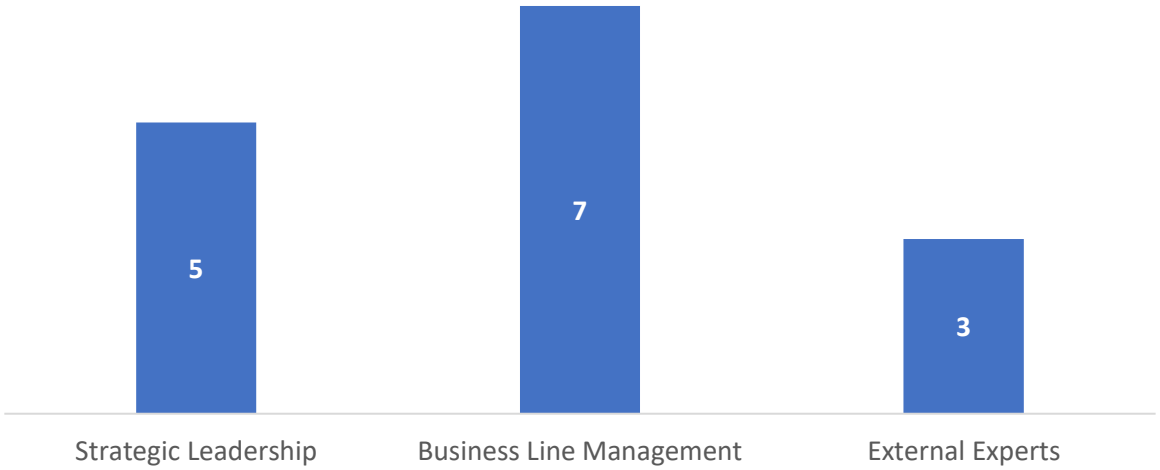
The sample covers all three pillars of the German banking system: public savings banks, cooperative banks and private/commercial banks. The interviewees have, on average, more than 22 years of professional experience, which underlines their expertise and their ability to provide a strategic assessment of long-term market developments. In line with the anonymisation approach outlined in Chapter 3, individual job titles and institutional affiliations are not disclosed together so that no specific person or institution can be identified from the sample. The aggregated role categories depicted in Figure 13 are defined as follows: Strategic leadership includes board and C-level positions, business line management covers heads of retail banking, personal banking and media distribution and service, and external experts comprises partners and senior consultants.

Figure 12: Composition of Interviews by Institution



Source: Own Illustration based on Interviews

Figure 13: Aggregated Role Categories of Interviewees



Source: Own Illustration based on Interviews

4.1.2 Qualitative Evaluation on Neobank Competition and Market Dynamics

This subsection summarises the experts' qualitative perspectives along three clusters of: the current state of German retail banking, the perceived role of neobanks and other digital actors, and key future uncertainties. This evaluation was done, as described in the data analysis chapter, by using principles of qualitative content analysis (Mayring, 2014).

From the experts' perspective, German retail banks currently find themselves in a complex situation. Interviewees consistently describe the incumbents as structurally under strong pressure to adapt, characterizing the often centralised IT landscape and organisational setup as a "large tanker" which is difficult to manoeuvre. Dependence on central IT providers and shared data centres is seen as slowing innovation, as "weeks and months" can pass before even minor changes or new products (e.g., the introduction of crypto-related offerings) are mutually agreed upon and implemented. Neobanks in contrast are frequently described as being able to move faster because they are not designing every process to be "100% watertight".

At the same time, the physical footprint of banks is undergoing a fundamental shift. Experts report consolidation of branch networks, in some cases substantial from around sixty branches within the bank's area of business to only a fraction of that. The strategic focus is seen as moving away from an "experience-focused" branch presence towards stronger relationship management within an "omni-channel approach". Several interviewees stress that, despite these efficiency measures, retail banking remains a fundamentally relationship-driven business, often

described in German as "*Nasengeschäft*" (business based on personal chemistry), where "regionally anchored banks can and must score points" in contrast to often anonymous neobanks. Especially for complex topics which go beyond the customers' daily banking needs, such as mortgage financing or inheritance cases, customers still want a trusted and known person they can talk to, rather than purely digital self-service. One expert summarised this by stating that customers are reluctant to repeatedly explain their financial story to different contact points.

Given this context, many incumbents see the quality of advice and service as their main line of defence. Interviewees openly acknowledge that established banks "will never be the cheapest" providers and cannot win a pure price competition, due to the different cost structures of regional retail banks and pure online players. Instead, they emphasise that they have to "play the quality card" by offering reliable problem-solving and high service standards, particularly in complex or emotionally charged situations.

Against this backdrop, neobanks are perceived as both serious competitors who act as a "catalyst" for established banks and, at the same time, as actors with clear limitations. Experts agree that neobanks have set new benchmarks in user experience. Their processes are frequently described as "chic, simple and easy", with a user interface that feels highly intuitive and visually modern and gives customers fast and uncomplicated access to banking products. Interviewees describe that this is seen as particularly attractive for younger customers, where the "market share of being the first bank is declining", and for smaller discretionary balances or initial investments.

However, experts draw a sharp line when it comes to service depth and reliability. A recurring criticism is that the service promise of some neobanks is often insufficient in practice. As long as everything runs smoothly, the digital model works. However, in moments of crisis or complexity, customers struggle to reach competent support. Several interviewees describe neobanks' handling of such situations as "relatively dilettante", with customers facing chatbots, hotlines with complex menus, or long waiting times when they most need human assistance.

In this sense, neobanks are seen as effective niche players and second-bank relationships for specific use cases, while the "serious money" and complex financial needs continue to be anchored at the traditional retail bank. Some experts also mention that neobanks occasionally operate in "grey areas", for instance in data protection, which allows them to move faster, whereas incumbents are "only doing processes which are greener than green".

Looking ahead, the experts highlight uncertainties that they expect to become decisive for the competitive landscape. The first point is the battle for the customer interface and the risk of increasing platformisation. Platforms such as comparison sites and big technology companies could try to progressively take over the customer interface, pushing banks into the role of background product providers.

A second cluster of uncertainty relates to regulation and structural change. Some experts speculate that European and national supervisors may at some point question the sustainability of the current banking landscape with numerous small institutions and favour a consolidation path, similar to the "Dutch model", potentially leading to mergers. Regulation is described as a "constant challenge", especially for smaller institutions. The design of the digital euro was frequently mentioned as a "blackbox" which could materially affect deposit-taking and payment economics.

Third, the experts perceive a change in traditional customer loyalty. They observe that customers are increasingly open to switch providers and "being the bank of the parents" is not enough anymore. Financial education and opinion-building are often shaped by so-called finfluencer on social media platforms. According to several interviewees, this source of information can lead to superficial knowledge and risky investment behaviour, especially among younger generations. Lastly, BigTech players such as Apple and Google are viewed as potential powerful competitors in payments and wallets. While their current offerings remain limited in scope, experts are "uncertain how far these tech giants will go" within their financial services footprint.

In summary, established banks maintain their strengths in complex services and understanding their customers' need due to personal and often long-lasting client relationships. However, the pressure from neobanks, platforms, and shifting regulatory and customer demands is emerging. These observations lead to the rating and analysis of key market drivers in the next section.

4.1.3 Quantitative Evaluation of Market Drivers

In addition to the qualitative statements, the experts provided structured ratings for the five forward-looking market drivers introduced in Chapter 3. These ratings constitute the second data stream gathered in the expert interviews. Table 3 reports descriptive statistics for the "Impact" scores across all interviews, Table 4 for the "Uncertainty" scores, and Figure 14 summarises the results in an impact–uncertainty matrix.

Table 3: Descriptive Statistics “Impact” Scores (n = 15)

	Mean	Median	Min	Max
Primary Account Migration to Neobanks	5.00	5.00	2.50	8.00
Platformisation and Interface Shift	6.93	7.00	4.00	10.00
Competition for Deposits and Interest Rates	4.33	3.00	2.00	8.50
Regulation and Market Infrastructure	5.90	6.50	0.00	9.00
Customer Behaviour	7.67	8.00	4.00	9.00

Source: Own Illustration based on expert interviews

Table 3 shows that *Customer Behaviour* and *Platformisation and Interface Shift* receive the highest average impact scores (means of 7.67 and 6.93, medians of 8 and 7). Experts therefore see changes in customer behaviour and a potential shift of the customer interface towards platforms and wallets as the most critical threats for traditional banks. *Regulation and Market Infrastructure* is also assessed as a relevant impact factor (mean 5.90), while *Primary Account Migration to Neobanks* (mean 5.00) and *Competition for Deposits and Interest Rates* (mean 4.33) are viewed as, in relative terms, less decisive. Noticeably are the relatively wide ranges of *Min* and *Max* values, particularly for *Regulation and Market Infrastructure* (0–9) and *Competition for Deposits and Interest Rates* (2–8.5). This indicates that experts differ in how strongly they expect these factors to affect established banks. One plausible explanation is contextual heterogeneity of the interviewed experts. Interviewees from different regional and organisational environments (e.g., urban vs rural areas, varying branch dependence, and different regulatory implementation burdens) may experience and anticipate regulatory pressure and deposit competition very differently. This also aligns with evidence that deposit rate pass-through depends on deposit type, bank-specific characteristics, and competitive conditions in the deposit market (Grodzicki et al., 2023), which can lead to materially different assessments across institutions.

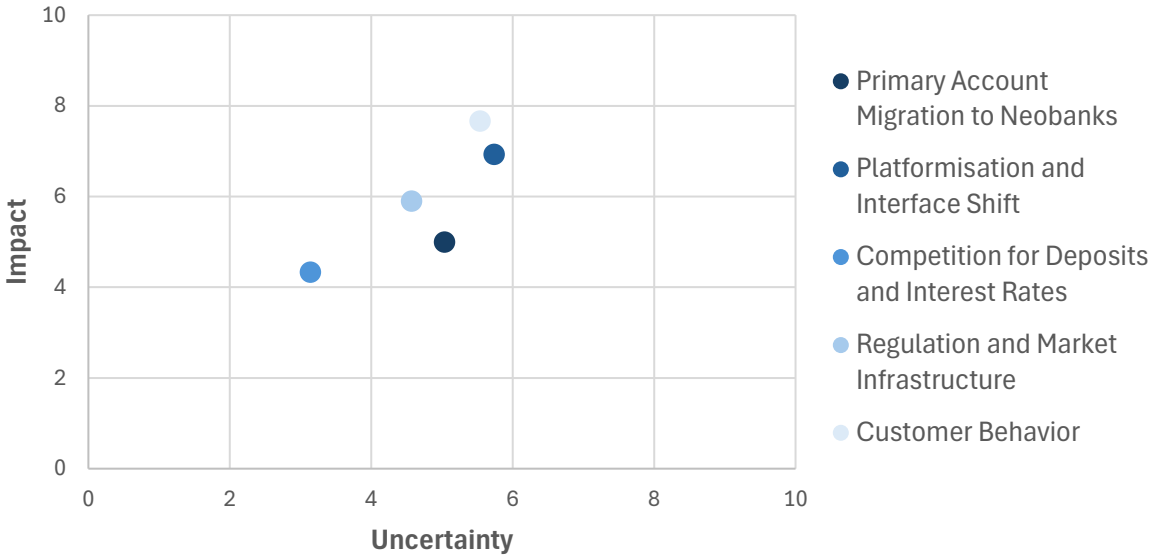
Table 4: Descriptive Statistics “Uncertainty” Scores (n = 15)

	Mean	Median	Min	Max
Primary Account Migration to Neobanks	5.03	5.00	3.00	8.50
Platformisation and Interface Shift	5.73	6.00	1.00	8.00
Competition for Deposits and Interest Rates	3.13	2.00	2.00	9.00
Regulation and Market Infrastructure	4.57	4.00	2.00	8.00
Customer Behaviour	5.53	5.00	2.00	8.00

Source: Own Illustration based on expert interviews

Table 4 reports the descriptive statistics for the uncertainty scores. Again, *Platformisation and Interface Shift* and *Customer Behaviour* stand out with the highest mean uncertainty values (5.73 and 5.53, medians 6 and 5). This indicates that experts not only expect these drivers to be most consequential for traditional banks but also view their direction and timing as difficult to predict. *Primary Account Migration to Neobanks* is assessed as moderately uncertain (mean 5.03), while *Regulation and Market Infrastructure* is perceived as somewhat less uncertain on average (mean 4.57), despite a relatively wide range of opinions (2–8). In contrast, *Competition for Deposits and Interest Rates* shows the lowest mean uncertainty (3.13), suggesting that experts regard intensified deposit competition largely as a continuation of observable trends. This can be linked back to the fact that this has been seen before by the competition with direct banks, so it is not a fundamentally unpredictable development.

Figure 14: Market Driver Impact–Uncertainty Matrix (n = 15)



Source: Own Illustration based on expert interviews

The impact–uncertainty matrix in Figure 14 shows a clear differentiation between the five drivers. *Platformisation and Interface Shift* and *Customer Behaviour* occupy the upper-right area of the matrix and are therefore perceived as both highly impactful and most uncertain. On the other hand, *Competition for Deposits and Interest Rates* is valued as the least uncertain driver with the lowest mean impact score, suggesting that experts expect continued pressure on deposit margins, but within a predictable competitive pattern. *Primary Account Migration to Neobanks* and *Regulation and Market Infrastructure* take intermediate positions. They are viewed as important for established banks, yet their development is seen as somewhat more predictable than the two top-right drivers.

In line with the scenario-planning literature, critical drivers for scenario construction are typically selected based on high impact and high uncertainty, since these factors influence the range of plausible future scenarios most strongly while remaining difficult to plan for (cf. Wack, 1985; Courtney et al., 1997). Applying this to the expert ratings leads to choosing *Platformisation and Interface Shift* and *Customer Behaviour* as the two central critical drivers. This quantitative result is consistent with the qualitative findings in Section 4.1.2, where experts emphasise the battle for the customer interface, the rise of platforms and wallets, and changing customer loyalty, multi-banking and finfluencer dynamics.

The remaining three drivers are not disregarded for the scenario construction but treated as supporting mechanisms rather than as independent scenario axes. *Competition for Deposits and*

Interest Rates mainly reflects a tightening of funding conditions and margin pressure that is likely to occur under most futures and is strongly influenced by how customers behave and which interfaces dominate. *Primary Account Migration to Neobanks* is, to a large extent, a consequence of shifts in customer behaviour and platform dynamics, rather than a fully separate source of uncertainty. *Regulation and Market Infrastructure* is highly relevant as a boundary condition across all scenarios and is conceptually difficult to represent as an individual axis without overlapping with the other drivers. Therefore, these three drivers are incorporated into the scenario narratives as strengthening or moderating factors.

Taken together, the qualitative assessments and quantitative ratings show that *Platformisation and Interface Shift* and *Customer Behaviour* emerge as the two central critical drivers for the development of the German retail banking market up to 2035. Therefore, the analysis in Section 4.1 answers Subsidiary Research Question 1 by identifying the key market drivers that lay the foundation for the 2×2 scenario framework developed in Section 4.2.

4.2 Scenario Framework for 2035: Scenarios 1–4

Building on the findings of Section 4.1, this section translates the two identified critical drivers, *Platformisation and Interface Shift* and *Customer Behaviour*, into a 2×2 scenario framework for German retail banking in 2035. These scenarios provide a structured way to think about how competition between neobanks and established banks may evolve under different combinations of interface control and customer behaviour and lay the foundation of corresponding strategic action for established banks. This section of the thesis thereby addresses the second subsidiary research question, namely:

How can these identified critical drivers be translated into a structured scenario framework that captures plausible competitive futures for German retail banking in 2035?

Across all four scenarios, the central focus remains on how these configurations reshape competition between neobanks and established banks and how incumbents can respond strategically.

4.2.1 Critical Drivers and Scenario Axes

For each identified critical driver, two poles are defined which capture meaningful but contrasting ways in which the market could evolve by 2035. These poles are grounded in the interview material and the mechanisms discussed in Chapter 2. They are also closely related to

the poles which were presented to the experts as basis for their structured market driver rating, depicted in Table 2. Table 5 summarises the two drivers and their opposing poles.

Table 5: Critical Drivers and Defined Poles

Critical Driver	Pole A - 2035	Pole B - 2035
Platformisation and Interface Shift	Bank-owned channels (branches, proprietary apps and online banking) remain the primary customer interface; third-party platforms play a limited, complementary role	Neobanks and non-bank platforms (wallets, comparison sites, BigTech apps) become the dominant customer interface; incumbents increasingly provide products and balance sheet in the background as embedded providers
Customer Behaviour	Relationship-oriented, trust-based and relatively inert behaviour; most customers maintain a stable primary-bank relationship and switch providers infrequently	Digital-first, active and switching-oriented behaviour; multi-banking is common and customers regularly optimise across providers, products and interfaces

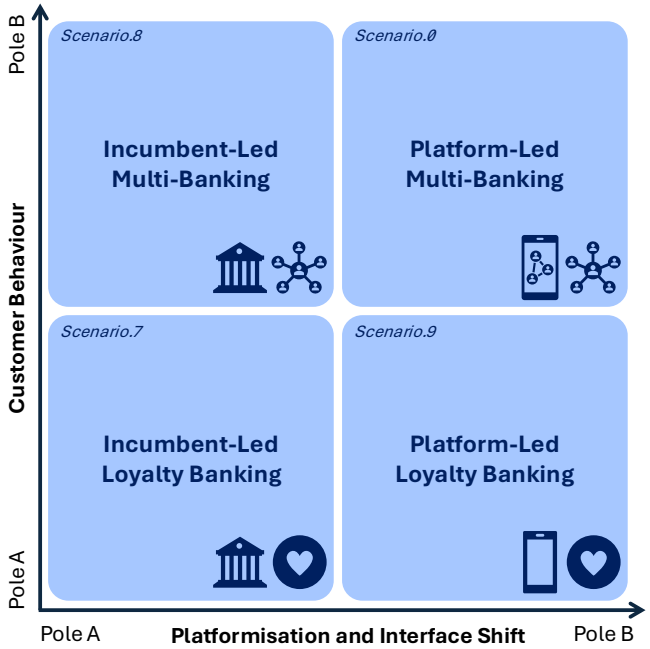
Source: Own Illustration

Taken together, these two axes define the scenario characteristics which are visualised in the 2×2 matrix in Section 4.2.2, where each quadrant corresponds to one of the four futures developed in this thesis. The remaining drivers, are, as explained in 4.1.3, not introduced as additional axes but are systematically specified within each quadrant and scenario.

4.2.2 Scenario Overview: 2×2 Matrix

Figure 15 combines the two critical drivers into a 2×2 matrix that spans four alternative futures for German retail banking in 2035. The horizontal axis represents *Platformisation and Interface Shift*, ranging from Pole A (bank-owned customer interfaces) on the left to Pole B (platform- and neobank ecosystem-dominated interfaces) on the right. The vertical axis represents *Customer Behaviour*, ranging from Pole A (relationship-oriented and relatively inert behaviour) at the bottom to Pole B (digital-first and switching-oriented behaviour) at the top. Figure 15 visualises this 2×2 structure and thereby yields four scenarios, each corresponding to one quadrant of the matrix.

Figure 15: Scenario Matrix for German Retail Banking in 2035



Source: Own Illustration

Figure 15 positions the four scenarios along these two axes which yields four internally coherent scenarios for 2035: Scenario 1, *Incumbent-Led Loyalty Banking* (bottom left) describes a future in which traditional banks retain the primary interface and most customers remain relatively loyal and relationship-oriented. Scenario 2, *Incumbent-Led Multi-Banking* (top left) reflects a setting where incumbents still own the core interface, but customers increasingly use a multi-bank approach and actively switch between providers and products. Scenario 3, *Platform-Led Loyalty Banking* (bottom right) captures a market in which platform and neobank ecosystems control the interface, yet customer behaviour remains comparatively stable, so new interface gatekeepers lock in long-term relationships. Scenario 4, *Platform-Led Multi-Banking* (top right) portrays the most turbulent future, with platform-dominated interfaces and highly switching-oriented customers, leading to intense competition for attention, flows and margins. Within the scenario names, "incumbent-led" refers to interfaces primarily controlled by established German retail banks within the three-pillar system, while "platform-led" denotes interfaces dominated by non-bank platforms and digital challenger such as neobanks, neo-brokers and BigTech wallets. Within the next subsections detailed narratives for each scenario are developed and their implications for competition between neobanks and established banks are compared.

4.2.3 Scenario 1: Incumbent-Led Loyalty Banking

In the first scenario in 2035, the German retail banking market is still centred on established banks and their distribution channels. Customers continue to maintain a stable primary-bank relationship and largely interact through the bank's own mobile app, online banking, and a further reduced, but still present branch network. Regional advice hubs are mainly used for mortgages, complex investments and other more complex financial products. Digital tools have improved materially compared to 2025, but they are perceived as an evolution of the traditional universal banking rather than a replacement. Most households remain with a "house bank plus one or two side relationships" setting, where the regional house bank is still the natural first point of contact for everyday banking activities. The scenario reflects expert views that many households will still prioritise trust, safety and long-standing house-bank relationships.

Competition between incumbents and neobanks remains visible but under control. Neobanks have captured specific customer segments which are typically younger, urban, and more digitally affine. They make use of neobanks for convenience banking cases such as card payments abroad, small trading portfolios, or "play money" accounts. However, most of salary inflows, mortgage relationships, and long-term savings continue to stay with traditional banks.

Incumbent banks have upgraded their digital channels, reducing the perceived net benefit of switching for many customers relative to the convenience and trust associated with established providers. Table 6 summarises how critical and non-critical drivers are characterised under the first scenario.

Table 6: Market Drivers in Scenario 1: Incumbent-Led Loyalty Banking

Market Driver	Characteristics in Scenario 1
Platformisation and Interface Shift	Bank-owned mobile apps and online banking remain the primary customer interface; third-party platforms play a complementary role for selected services but do not dominate the relationship
Customer Behaviour	Relationship-oriented, trust-based and comparatively inert; most households retain a long-term primary bank and only a small number of secondary relationships
Primary Account Migration to Neobanks	Limited migration of primary accounts; neobanks are mainly used as secondary accounts for specific use cases, while salary inflows and core relationships stay with incumbents
Competition for Deposits and Interest Rates	Ongoing but manageable margin pressure; incumbents defend deposits via relationship pricing, bundled offerings and advisory, rather than engaging in pure rate wars
Regulation and Market Infrastructure	Supervisors continue to tighten standards, but reforms are manageable, no regulatory shock fundamentally reshapes market structure or forces radically open interfaces that would displace banks from the customer interface

Source: Own Illustration

This scenario depicts a future in which established banks continue to control the main customer relationship and interface, while neobanks specialise in niche areas and compete primarily on the basis of user experience rather than structural dominance. From the perspective of established banks, this is a competitive landscape that is favourable in comparison.

4.2.4 Scenario 2: Incumbent-Led Multi-Banking

In the second scenario the German retail banking market is still centred around established banks, but customer segments have moved towards a clear multi-banking approach. Customers continue to maintain a primary relationship with a conventional banking institution, but utilise multiple current accounts and products from various financial entities. Bank-owned mobile apps remain the main point of access, but they increasingly function as aggregators that pull in information from other banks and neobanks. Regional advice hubs continue to exist for more complex financial decisions, while day-to-day banking takes place across several digital providers.

Under these conditions, competition between incumbents and neobanks becomes more direct and more frequent. Neobanks have gained wider traction beyond purely young, urban segments. Customers use them beyond convenience cases, but also for savings products, credit cards and salary inflows. At the same time, many customers keep at least one established bank as a perceived safe anchor in case of crisis. Rather than deciding once for a single house bank, households increasingly rebalance across providers based on rates, fees, user experience and product offer. Established banks remain visible at the customer interface but have to compete in a setting where price transparency and switching tools are much more developed and utilised across various customer segments than in 2025. Accepting that customers will not be fully captive, account-switching services, multi-banking overviews and comparison elements are therefore integrated in the own app. To defend the primary relationship, incumbents build upon a mix of improved digital user experience, personalised offers, and propositions that reward customers for loyalty and concentrating financial activities with one bank. Table 7 summarises how critical and non-critical drivers are characterised under the second scenario.

Table 7: Market Drivers in Scenario 2: Incumbent-Led Multi-Banking

Market Driver	**Characteristics in Scenario 2**
Platformisation and Interface Shift	Bank apps remain the main interface, increasingly aggregating accounts and products from other banks and neobanks; comparison and switching tools are embedded
Customer Behaviour	Multi-banking is common; many households hold several current accounts and actively optimise across providers, products and offers
Primary Account Migration to Neobanks	Noticeable but not dominant shift of salary inflows and direct debits to neobanks; incumbents still hold most primary relationships
Competition for Deposits and Interest Rates	Deposit pricing is more transparent and reactive; flows move faster in response to rate changes and campaigns, increasing margin pressure
Regulation and Market Infrastructure	Stronger data-portability and open-banking rules lower switching costs and support multi-banking, while maintaining direct customer access for licensed banks

Source: Own Illustration

This scenario depicts a future in which established banks still control most of the customer interface, but have to operate in a structurally more flexible market with customers being more price- and product sensitive. Neobanks are no longer only niche players, they become regular parts of customers' banking mix. Therefore, they exert competitive pressure both on deposit margins and on the pace of digital innovation. From the perspective of incumbents, this is a clearly more demanding configuration than Scenario 1, but still one in which they can remain at the centre of the customer relationship. The scenario builds on expert expectations of broader multi-banking as transparency, switching tools and open banking gain importance.

4.2.5 Scenario 3: Platform-Led Loyalty Banking

In the third scenario the German retail banking market is no longer centred on individual bank channels, but on a small number of neobank and platform ecosystems. By 2035, many households have organised their financial activities in large technology platforms and in leading neobank ecosystems. Everyday banking is initiated through super-apps, digital wallets or comparison platforms, which bundle payments, accounts and basic savings products in one interface. Bank-owned mobile apps still exist, but for a growing share of customers they are primarily used to confirm transactions, view product details or handle specific service requests, rather than as the main entry point. The scenario mirrors expert assessments that platforms and neobank ecosystems may become the primary entry point for retail finance.

Customer relationships in this world remain comparatively stable, but loyalty is oriented towards the platform rather than towards a specific bank brand. Once households are embedded in a given ecosystem, they rarely switch away from it, since payment data, loyalty points and personal settings are accumulating over time, raising switching costs. Within the platform, however, customers show limited attachment to individual banks. Current accounts, savings products and even mortgage offers can be compared and selected within the ecosystem, with the underlying bank often treated as interchangeable product provider in the background.

For established banks this means that a substantial part of the traffic at the customer interface is mediated by third parties. Some institutions position themselves as reliable balance-sheet and product providers within one or more platforms, focusing on mortgages, savings and regulated processes. Others maintain selected direct-to-consumer brands, but even these are frequently accessed via platform journeys rather than via proprietary channels. Pricing, product design and even parts of the onboarding process are increasingly shaped by the requirements and standards of platform operators. Dependence on a few large distribution partners therefore becomes a

central strategic issue. Table 8 summarises how critical and non-critical drivers are characterised under the third scenario.

Table 8: Market Drivers in Scenario 3: Platform-Led Loyalty Banking

Market Driver	Characteristics in Scenario 3
Platformisation and Interface Shift	A few dominant platforms and neobank ecosystems own the main customer interface; bank apps serve mainly as product containers or service back-ends
Customer Behaviour	Customers are loyal once embedded in a platform ecosystem; they rarely switch platforms, but show limited attachment to individual banks inside these systems
Primary Account Migration to Neobanks	A significant share of salary inflows and everyday transactions runs through platforms or neobank front ends; incumbents often provide the underlying accounts and products in the background
Competition for Deposits and Interest Rates	Platforms aggregate and rank deposit products, increasing transparency and price pressure; margins depend on both pricing and platform placement conditions
Regulation and Market Infrastructure	Open-finance and digital-identity frameworks enable platform-led journeys; regulators expand oversight to platform operators without fundamentally limiting their interface role

Source: Own Illustration

This scenario depicts a future in which established banks remain important as product manufacturers and risk carriers, but lose large parts of their direct interface with households. Neobanks and platform operators control the customer journey and set the rules of engagement, while incumbent banks compete for visibility and margins inside these ecosystems rather than at the level of their own channels. From the perspective of established banks, this is a structurally more challenging configuration, as it reduces their direct access to customers and shifts bargaining power towards platform owners.

4.2.6 Scenario 4: Platform-Led Multi-Banking

In the fourth scenario, the German retail banking market in 2035 is dominated by large platform ecosystems that intermediate most customer interactions, while households continuously switch between providers within and across these ecosystems. Platforms aggregate financial products

from banks, neobanks and non-bank specialists, and customers select and replace them dynamically based on rates, fees and user experience. Everyday banking is fully embedded into digital platforms and wallets that integrate payments, savings, investments and credit functions. Bank-owned apps still exist but are largely used to manage specific products, confirm transactions and fulfil regulatory requirements, rather than as the starting point for customer journeys. The scenario draws on expert concerns that platform economics and open finance could create a highly fluid, low-loyalty market.

Customer relationships in this world are highly fluid. Most households hold multiple current accounts, savings products and payment cards from different providers and adjust them frequently as algorithms and comparison tools suggest better offers. Loyalty towards any single bank or platform is low, while convenience and short-term financial advantages dominate decision-making. As a result, deposit and credit flows are volatile, and the differentiation between incumbent banks and neobanks becomes blurred at the front end. However, neobanks are often better positioned to benefit from this fluidity, as their lean cost base and digital product architectures allow them to react more quickly to platform signals, rankings and pricing changes. Competition is driven by continuous repricing, product modularity and user-experience innovation rather than long-term relationships.

For established banks, the competitive environment is extremely demanding. The interface is fully platform-led, and incumbents compete side by side with neobanks and fintechs for temporary product placements within digital marketplaces, often from a structural disadvantage in terms of unit costs, speed of change and perceived digital sophistication. Many institutions specialise in narrow product niches such as mortgages, small and medium-sized enterprise lending or regulated savings, while others progressively retreat from mass-market retail. Success depends on cost efficiency, data integration and the ability to price dynamically in near real time. Margins are thin and unstable, and dependence on platform algorithms and ranking mechanisms becomes critical for both volumes and profitability. Table 9 summarises how the critical and non-critical drivers are characterised under the fourth scenario.

Table 9: Market Drivers in Scenario 4: Platform-Led Multi-Banking

Market Driver	Characteristics in Scenario 4
Platformisation and Interface Shift	Platform ecosystems and digital marketplaces dominate customer interactions; bank apps function mainly as back-end utilities for individual products
Customer Behaviour	Highly switching-oriented and price-sensitive; households manage multiple accounts across platforms and providers and regularly migrate balances based on rates, rankings and promotions
Primary Account Migration to Neobanks	Primary accounts and salary inflows are fragmented across several neobanks and platforms; incumbents retain only a residual share of direct, exclusive customer relationships
Competition for Deposits and Interest Rates	Intense, continuous repricing; deposit and credit flows respond quickly to platform algorithms and rate changes, resulting in sustained margin pressure for all providers
Regulation and Market Infrastructure	Comprehensive open-finance standards and widespread use of digital identities enable seamless account portability; regulators monitor platform concentration risks but keep interfaces interoperable to foster competition

Source: Own Illustration

This scenario depicts a future in which customer behaviour and technology reinforce each other to create a highly competitive, transparent and rapidly shifting retail banking market. Neobanks and platform operators dominate the customer interface and continuously reallocate flows among providers, while incumbent banks largely operate as interchangeable product manufacturers with limited control over pricing and visibility. Their remaining strengths lie in balance-sheet provision, complex products and regulation-heavy segments, but these advantages are harder to monetise in a fully platform-mediated, price-driven environment. From the perspective of established banks, this represents the most challenging configuration within the scenario set.

Taken together, the scenario matrix and the four narratives developed in Section 4.2 answer Subsidiary Research Question 2 by translating the identified critical drivers into a structured set of plausible competitive futures for German retail banking in 2035.

4.3 Early-Warning Indicators and Strategic Implications for German Retail Banks

Section 4.3 addresses the main research question of this thesis, namely:

How can established retail banks in Germany use scenario-based strategic foresight to prepare for and respond to neobank competition up to 2035, and how can early-warning indicators support their strategic decision-making?

Building on the scenario framework developed in Section 4.2, Section 4.3.1 derives a set of measurable early-warning indicators that reflect the market drivers and scenario logic, while Section 4.3.2 uses these indicators to develop scenario-contingent strategic priorities for incumbent banks.

4.3.1 Early-Warning Indicators for Scenario Monitoring

The four scenarios developed in Section 4.2 provide distinct but plausible configurations of German retail banking in 2035. To make this framework useful for decision-making, banks need a way to monitor which of these configurations the environment is gradually approaching. In line with the scenario-planning approach outlined in Section 3.4, this thesis therefore derives a set of early-warning indicators that translate the abstract drivers and qualitative expert assessments into observable signals. The objective is not to predict a single outcome, but to support a structured and repeated monitoring of how neobank and platform competition evolves over time. Table 10 summarises six early-warning indicators, which are anchored in the five market drivers identified in Section 4.1. Each indicator is linked to one or more market drivers as well as to example metrics that can be tracked with publicly available data, industry reports or internal bank information and an illustrative monitoring threshold that can serve as a practical trigger for management review (to be calibrated by each bank). The thresholds are intentionally illustrative and are meant to support consistent monitoring, not to prescribe automatic actions.

Table 10: Early-Warning Indicators and Example Metrics

Early-warning indicator	Linked driver	Observable metric	Illustrative trigger
1. Share of primary accounts at neobanks / platforms	Primary Account Migration; Platformisation	% of current / salary accounts held with neobanks or opened via platform front-ends	>20% for 2 consecutive quarters
2. Share of transactions via third-party front-ends	Platformisation and Interface Shift	% of logins / payments initiated via wallets, super-apps, comparison platforms or TPPs	>30% of retail payments initiated via third-party front-ends
3. Multi-banking intensity	Customer Behaviour	Average number of banking providers per customer; % of customers with ≥3 active accounts	≥3 active accounts for >35% of customers
4. Retail deposit volatility and rate sensitivity	Competition for Deposits and Interest Rates	Quarterly churn rate of retail deposits; change in volumes after defined rate moves	Retail deposit churn >4% QoQ
5. Share of new business via platforms / aggregators	Platformisation; Customer Behaviour	% of new loans, mortgages or savings products originated via platforms / comparison sites	>25% of new originations via platforms / aggregators
6. Usage of open-banking / aggregation services	Regulation & Market Infrastructure; Behaviour	Number of active AIS/PIS users; % of customers using account aggregators / multi-banking tools	>25% of retail customers are active AIS/PIS / aggregation users

Source: Own Illustration

While the indicators are defined in a generic way, their expected levels and dynamics differ systematically across the four scenarios. Table 11 summarises the typical pattern that each indicator would take under Scenario 1 to Scenario 4. For instance, a low share of primary accounts at neobanks, limited use of third-party front-ends and low deposit volatility are consistent with an incumbent-led loyalty configuration, whereas high platform origination, multi-banking intensity and very volatile deposits are typical for platform-led multi-banking.

Table 11: Typical Indicator Patterns Across the Four Scenarios

Indicator	Scenario 1: Incumbent-Led Loyalty	Scenario 2: Incumbent-Led Multi-Banking	Scenario 3: Platform-Led Loyalty	Scenario 4: Platform-Led Multi-Banking
1. Share of primary accounts at neobanks / platforms	Low; neobanks mainly secondary accounts	Moderate; rising share of split / neobank primaries	High; many primary accounts via platforms / neobanks	Very high and fragmented; incumbents have only residual primaries
2. Share of transactions via third-party front-ends	Low; bank apps dominate access	Moderate; some use of aggregators, banks still main	High; platforms, wallets, super-apps typical entry	Very high; interactions mostly via platforms, bank apps rare
3. Multi-banking intensity	1–2 providers; house bank + side accounts	2–3 providers; multi-banking common	2–3 providers, concentrated in one/few ecosystems	3+ providers and several platforms; frequent switching
4. Deposit volatility and rate sensitivity	Low; deposits relatively sticky	Medium; stronger reaction to rates and campaigns	Medium–high; pricing transparent, some ecosystem dampening	High; flows move quickly with rankings, pricing and promotions
5. Share of new business via platforms / aggregators	Low; new business mainly via bank channels	Medium; platforms relevant in selected products	High; large share of new products via platforms	Very high; platforms are dominant origination channel
6. Usage of open-banking / aggregation services	Limited; early adopters mainly	Broad use of switching and aggregation tools	Advanced open-finance embedded in platform journeys	Very advanced; aggregation and TPP services are standard

Source: Own Illustration

For incumbent banks, these indicators can be combined into a compact monitoring dashboard that is reviewed regularly at management level. In practice, the underlying metrics can be derived from a mix of Bundesbank and ECB statistics, BaFin and PSD2/Open Finance reports, market research on customer behaviour and internal data. Changes in individual indicators, including breaches of the illustrative thresholds in Table 10, should not be interpreted as automatic triggers for specific measures, but as signals of whether the competitive environment

is moving closer to a bank-led or platform-led, loyalty- or switching-oriented configuration. In this sense, the indicators operationalise the foresight approach outlined in Section 3.4 by linking the qualitative scenarios to observable market data. Section 4.3.2 builds on this perspective and translates the scenario and indicator framework into strategic implications for German retail banks.

4.3.2 Strategic Implications for German Retail Banks

The scenario and indicator framework developed in Sections 4.2 and 4.3.1 is ultimately intended to act as a foundation for strategic choices for established German retail banks. The expert interviews highlighted several recurring structural weaknesses: slow decision-making in large, centralised structures, dependence on central IT providers, pressure on the branch network, and concerns about losing the customer interface to neobanks and platforms. Rather than recommending a single optimal strategy, this section discusses how incumbents can address these problems under different future market developments. Following the dynamic-capabilities perspective, the implications are structured along three dimensions: sensing changes in the environment, seizing opportunities, and transforming structures and business models accordingly.

Across all four scenarios, several cross-scenario priorities, so-called “no-regret moves” emerge. On the sensing side, experts repeatedly described established banks as “large tankers” that react rather slowly to shifts in customer behaviour and technology. Building a more systematic view of how quickly multi-banking behaviour, neobank usage and platform origination are spreading is therefore essential. This includes monitoring the early-warning indicators proposed in Section 4.3.1 and complementing them with internal analytics on primary-account migration, channel usage and deposit volatility. On the seizing side, a competitive digital interface and solid data capabilities are a minimum requirement in every plausible future. Interviewees stressed that customers increasingly expect simple, coherent journeys, while many institutions still struggle with fragmented front-ends and customer processes which are not fully end-to-end and mobile-enabled. On the transformation side, experts from all three pillars pointed to inflexible legacy IT, complex product architectures and cost structures as key obstacles. Simplifying core systems, reducing overlapping product variants and increasing cost flexibility are therefore central, regardless of which scenario eventually develops.

Beyond these no-regret moves, each scenario places a different emphasis on specific strategic actions. Table 12 summarises these priorities along the sense–seize–transform logic. For each

scenario, it highlights what incumbents should monitor, which strategic moves appear most attractive and which adjustments are required to address the qualitative problems identified.

Table 12: Scenario-Specific Strategic Priorities for German Retail Banks

Scenario	Sense: What to monitor	Seize: Strategic actions	Transform: Structural moves
1:Incumbent-Led Loyalty Banking	Watch whether neobank primary-account share, multi-banking intensity and platform origination (EWIs 1, 3, 5) remain low or start to rise	Strengthen the digital "house bank" role: data-driven loyalty, relationship pricing, simple in-app advice and selected neobank-style features (e.g. trading, travel cards)	Use the favourable situation to tackle legacy IT with central providers, reduce branch overcapacity and increase cost flexibility
2: Incumbent-Led Multi-Banking	Track multi-banking intensity, deposit volatility and neobank share of new business (EWIs 3, 4, 5) across segments	Position as a "financial home base": offer multi-banking overviews, switching support and transparent, rule-based pricing in the bank's own app	Simplify product range and pricing logic; refocus branches and remote advisory on complex cases where trust and relationship still add value
3: Platform-Led Loyalty Banking	Monitor share of traffic and origination via platforms and ecosystems, and concentration of volumes in a few players (EWIs 2, 5, 7)	Choose clear roles in ecosystems (manufacturer/BaaS vs. visible brand); build platform-partnership and API-integration capabilities, including pricing and data-governance rules	Separate manufacturing from remaining direct-to-consumer activities; streamline brands and products and align processes with platform speed and standardisation requirements
4: Platform-Led Multi-Banking	Watch for "stress levels" in platform origination, deposit volatility and shrinking exclusive primary relationships (EWIs 1, 4, 5) by product line	Focus on defendable niches (e.g. specific lending segments, regulated savings, complex advisory) and exit highly commoditised, price-led products	Accelerate cost and balance-sheet restructuring; increase automation and pricing agility and narrow the universal-banking model towards specialist or manufacturing roles

Source: Own Illustration

The “Sense” column in Table 12 explicitly ties the scenario-specific strategic priorities back to the early-warning indicators defined. In practice, management would use indicators to assess which configuration the market is currently approaching and then emphasise the corresponding “Seize” and “Transform” actions. For example, as long as neobank primary-account shares and platform origination remain low, priorities remain close to Scenario 1. While substantial increases in multi-banking intensity and platform-led origination would justify shifting the emphasis towards the strategic options outlined for Scenarios 2 to 4.

In combination with the early-warning indicators, this scenario-specific view allows incumbents to link strategic choices directly to the qualitative problems identified in the expert study. If indicator patterns remain close to Scenario 1, banks can use the breathing space to address legacy IT, cost structures and branch overcapacity while strengthening their digital house bank role. If they move towards Scenario 2, the main challenge is to manage multi-banking and margin pressure without losing the primary relationship, which requires more transparent pricing, simpler products and better use of customer data. A drift towards Scenario 3 would force clearer positioning in platform ecosystems and stronger capabilities for negotiating and managing platform partnerships, while signals of Scenario 4 would justify more radical portfolio focus and restructuring measures. In this way, the strategic implications derived in this section translate the foresight exercise and interview insights into a concrete capability-building agenda for German retail banks facing neobank and platform competition up to 2035. By doing so, Section 4.3 directly answers the main research question by demonstrating how scenario-based strategic foresight, combined with early-warning indicators, can support established German retail banks in preparing for and responding to neobank competition up to 2035.

5. Conclusion, Limitations and Further Research

This thesis set out to answer the main research question of how established retail banks in Germany can use scenario-based strategic foresight to prepare for and respond to neobank competition up to 2035, and how early-warning indicators can support their strategic decision-making. To address this question, the study combined qualitative expert interviews with senior leadership from all three pillars of the German retail banking system with a structured market driver analysis, a 2×2 scenario framework and a set of measurable early-warning indicators. Building on this empirical and conceptual basis, the thesis derived strategic implications for incumbent banks using a dynamic-capabilities lens.

The expert study first provided a differentiated picture of the current situation in German retail banking. While many institutions currently benefit from a favourable interest-rate environment and still-strong house bank relationships, the interviews highlighted structural weaknesses: dependence on central IT providers, complex *"Verbund"* governance (i.e., group-wide network governance/coordination), slow decision-making, pressure on the branch network and growing competition from neobanks and digital platforms. From this material, five key drivers were identified, with *Platformisation and Interface Shift* and *Customer Behaviour* emerging as the two critical uncertainties shaping the future of competition. This addresses Subsidiary Research Question 1, which asked which market drivers experts perceive as most impactful and most uncertain for competition up to 2035.

These two critical drivers were then used to develop a 2×2 scenario framework for 2035, resulting in four internally consistent configurations: *Incumbent-Led Loyalty Banking*, *Incumbent-Led Multi-Banking*, *Platform-Led Loyalty Banking* and *Platform-Led Multi-Banking*. Together, the scenarios show how the balance between incumbents, neobanks and platforms could evolve along two dimensions: whether customer interfaces remain bank-led or shift to platform and neobank ecosystems, and whether customer behaviour remains relationship-oriented or becomes strongly multi-banking and switching-oriented. The scenario narratives translate qualitative expert insights into concrete pictures of future market structures. This addresses Subsidiary Research Question 2, which asked how the two critical uncertainties can be translated into a structured 2×2 scenario framework for 2035.

To make these scenarios actionable, the thesis derived six early-warning indicators linked to the underlying drivers, such as the share of primary accounts at neobanks, the share of transactions and new business initiated via platforms, multi-banking intensity and the volatility of retail deposits. These indicators provide a practical monitoring tool that banks can populate with regulatory statistics, market research and internal data in order to assess which scenario configuration the environment is gradually approaching. Building on this, the study developed scenario-contingent strategic implications structured along the sense–seize–transform logic. Cross-scenario "no-regrets" priorities include strengthening data and analytics capabilities, modernising digital channels and addressing legacy IT and cost structures. Scenario-specific priorities range from reinforcing the digital house bank role in incumbent-led worlds to clarifying roles in platform ecosystems and focusing on defensible niches in platform-led, highly multi-banking futures. Taken together, the scenarios, early-warning indicators and

strategic implications answer the main research question by linking uncertainty around neobank and platform competition to monitorable signals and concrete strategic choices up to 2035.

Table 13 summarises the main findings and provides a compact overview of how they answer the respective research questions. Overall, the thesis shows that scenario-based strategic foresight, when combined with a small set of early-warning indicators, can help established German retail banks to structure uncertainty around neobank and platform competition and link them to concrete strategic choices.

Table 13: Overview of Main Findings and Contributions

No.	Main finding	Brief description	Related research question
1	Current situation and structural challenges of German retail banks	Expert interviews reveal a combination of currently solid earnings, strong house-bank relationships and deep structural weaknesses (legacy IT, Verbund complexity, branch pressure, emerging neobank/platform competition)	SRQ 1 / context to main RQ
2	Identification of five key market drivers and two critical uncertainties	The analysis derives five drivers of future competition; Platformisation and Interface Shift and Customer Behaviour emerge as critical and form the basis of the scenario matrix	SRQ 1
3	Development of a 2×2 scenario framework for 2035	Four scenarios (Incumbent-Led Loyalty, Incumbent-Led Multi-Banking, Platform-Led Loyalty, Platform-Led Multi-Banking) capture plausible futures of neobank–incumbent competition in German retail banking	SRQ 2
4	Operationalisation through six early-warning indicators	Six measurable indicators, linked to the drivers, translate the qualitative scenarios into observable signals that banks can track using regulatory data, market research and internal information	Main RQ (EWI part)
5	Scenario-contingent strategic implications using sense–seize–transform	Cross-scenario “no-regrets” investments and scenario-specific strategic priorities are derived for incumbents, linking foresight results to dynamic capabilities and concrete action fields	Main RQ (strategy part)

Source: Own Illustration based on conducted research

Looking closely at the limitations of this study, the thesis highlights three main limitations that also provide opportunities for future research in this field.

As set out in Chapter 3, the analysis adopts a deliberately bank-centric, expert-based perspective and does not include primary customer-level data; accordingly, scenario narratives rely on expert assessments of customer behaviour rather than directly observed customer preferences. Second, while the study covers all three institutional pillars within Germany, it does not systematically differentiate by regional and market-structure context. Here a further differentiation of experts by e.g., urban and rural areas or East vs West Germany could be insightful. These contextual differences may shape customer segments and competitive intensity and could therefore partly explain the dispersion observed in some of the driver ratings. Third, the thesis is limited to German retail banking, the three-pillar system and a 2035 time horizon, which constrains the direct transferability of the results to other markets and segments. These limitations and corresponding suggestions for further research are summarised in Table 14.

Table 14: Limitations and Suggestions for Further Research

No.	Limitation	Suggestion for further research
1	Bank-centric, expert-based perspective without primary customer data; assumptions on future customer behaviour are inferred from expert views	Collect survey or experimental data from retail customers to test assumptions on trust in neobanks, willingness to multi-bank, and acceptance of platform-led interfaces, and integrate these results into refined scenarios
2	No systematic differentiation by regional/market-structure context (e.g., urban vs rural, East vs West Germany), which may affect customer behaviour and competitive intensity	Stratify the sample by region/context and compare driver ratings and qualitative themes across segments (e.g., urban vs rural; East vs West; branch-density levels) to explain rating dispersion and refine scenario assumptions
3	Focus on German retail banking, the three-pillar system and a 2035 time horizon limits generalisability	Apply and adapt the scenario and indicator framework to other jurisdictions (e.g. other EU markets, UK, Nordics) or business areas (e.g. SME banking, wealth management) and explore how different regulatory regimes, competitive structures and time horizons affect the results

Source: Own Illustration based on conducted research

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7. Appendix

Link to Interview summaries and transcripts, saved on OneDrive:

https://1drv.ms/f/c/ea4ba5bc4dad543e/IgCKlcVMiazRR55n0-nHYxVbAeHsCbiuL6E79W7LWbA2MAs