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TRANSFORMATION IN BANKING

**Bold actions for leaders
in 2026**





OVERVIEW

Given the pace of change, disruptions and competitive pressures in the Australian banking sector, key development areas for leaders include:

- Developing ecosystems of trust
- Gaining directional clarity
- Simplifying models and messaging
- Enhancing decision-making capability
- Elevating care levels for staff

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PERFECT STORM

Although banking is quite profitable, the industry is caught in a perfect storm of rapidly changing conditions.


While regulatory and compliance demands have been rising, new entrants are increasing their footholds in traditional banking markets with digital wallets blurring the lines between established and new players.

Gen AI offers once in a lifetime product, productivity and business model innovation opportunities if handled thoughtfully.

The 'Big Four' banks in Australia have become the 'Big One' and the 'Next Four'. By market capitalisation, the Commonwealth Bank is the size of Westpac and NAB combined, and Macquarie Bank has gained a meaningful share of the residential mortgage market.

These are some of the key factors driving the need for transformation in the Australian banking sector.





WHAT WILL IT TAKE?

With major industry players restructuring, leaders are being challenged to improve their focus, prioritisation and decision-making skills so they can adapt and execute timely responses.

Directional clarity will help them see through the noise and thrive in these unstable and unsettling conditions.

Breaking out of business silos and working across organisational divisions is essential, and it's up to leaders to set the tone.

A raft of new skills are needed by leaders to build resilience and capitalise on opportunities, with the ultimate aim of furthering their career goals, contributing to their bank's success and doing work that matters.





CUSTOMERS

The world we operate in today is very different from that of the recent past. Stakeholder demands are rising across the board and none more so than in the customer area.

Trust is paramount.

Customers seek safety and security in an environment where scams and technological developments amplify their vulnerability.

At the same time, they expect new and innovative digital experiences to make their lives easier and businesses more profitable.

Creating ecosystems of trust - such as robust sets of integrated services - will help unlock revenue growth.





INTERNAL TRANSFORMATION

The way that companies achieve sustained competitive advantage has changed dramatically over the past two decades.

Instead of attempting to forecast change and setting strategies accordingly, leading companies have focused on defining directional clarity and improving their ability to manage risk and take advantage of opportunities that can materialise very quickly.

Simplifying business structures and building strong cultures to adapt quickly and effectively to change holds the key to success in most industries, including banking.

Organisational transformation is the key to creating new sources of value for banking sector players.





KEY DEVELOPMENT AREAS

Several banks are undergoing significant rationalisation and restructuring programs, putting stresses and strains on their people, and pressure on their executives to execute their plans.

It's a big ask because studies show that the number of transformations that deliver on their stated goals is in the 15-30 percent range.

With this in mind, what are the key development areas for banking leaders?

By evaluating global and local trends, and market dynamics, there are gaps to be addressed in the five key areas that follow.





1. DEVELOPING ECOSYSTEMS OF TRUST

Leaders must expand their view of 'key stakeholders' to include a broader set of interests, such as regulators, customers and communities, and consider them to be business partners instead of risks to manage.

It's a mindset that demands greater consideration of business impacts - using a 'social value creation' rather than 'harm reduction' lens.

Delivering value to all important stakeholder groups underpins sustainable and profitable growth. Customer and employee trust should be high on the trust agenda.

Making this shift requires the development of new skills because it's not optional - acceleration is needed.





2. GAINING DIRECTIONAL CLARITY

To date, purpose in business has been a 'nice to have' feature, however going forward, the purpose of a bank must be a tangible directional marker for leaders as it will assist their decision-making.

Leaders across the board are likely to need guidance in the process of defining and linking purpose to strategic, operational and workforce related endeavours.

Part of the initial challenge is to contextualise purpose - understanding the differences between personal, team and organisational purpose.

Best practice involves governance and measurement structures and, while it may be daunting, it's an exciting avenue for developing competitive advantage.





3. SIMPLIFYING MODELS AND MESSAGING

Companies that achieve sustained competitive advantage typically have a relatively short distance between upper management and the front line.

This is about developing communications that resonate with people, aligning them with the bank's agenda and providing a rallying point for delivering customer value.

Understanding core competencies, agreed values systems and creating learning feedback loops should be part of this process, which holds the key to adaptability, resilience and growth.

A bank whose people are well-aligned around healthy set of behaviours and motivated to pursue common goals are far more likely to do the right things (strategies) and do things right (execution).





4. ENHANCING DECISION-MAKING CAPABILITY

Agility and adaptability drives resilience and increases preparedness for new and attractive opportunities.

However, it typically involves pushing decision-making further from the centre and towards the edge of the business - thus increasing risk because less experience leaders are making more decisions.

Not only are individual critical thinking skills highly valued, building team based critical thinking skills should be on every leaders agenda.

It's about creating a common process for decision-making that efficiently and effectively harnesses the knowledge and skills available to them without being weighed down by bureaucracy.





5. ELEVATING CARE LEVELS FOR STAFF

With most banks undergoing significant levels of change or restructuring, the impacts on staff are immense and will only increase in the near term, exacerbating levels of overwhelm, anxiety and burn out.

People need more support. Paying attention to those needs will help in forming and executing change and transformation programs.

Leaders need to step up and play a greater role in providing 'care' - it's not something they could or should outsource to the people and culture team.

Compassion, empathy and humility are valued traits, while also establishing enough respect and trust with staff to empower high performance and accountability.





WHAT NEXT?

Now is the ideal time to start or build on discussions with your leaders about tackling change and transformation - it could be the difference between achieving something great together or having a terrible start to the year.

It's the perfect topic for leadership team discussions, development programs, conferences, strategy sessions, off-sites and more.

As a speaker, facilitator, event and panel host, to explore working together you can contact me on:

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ABOUT PHIL



Phil Preston is the global voice in navigating change and transformation. With over two decades spanning corporate leadership and consulting, he equips leaders and teams to cut through complexity, find clarity and adapt with purpose.

In a world where disruption is constant - from generative AI to cultural and economic upheaval - Phil delivers more than strategy. He provides grounded guidance, actionable frameworks and the confidence to lead through uncertainty.

His keynotes and workshops energise audiences to embrace change as a constant, align with purpose and build resilience. Phil doesn't just talk about transformation - He helps you lead it.

Find out more at philpreston.com.au





ABOUT THIS OVERVIEW

This overview is provided for general information to provoke discussion about organisational and leadership challenges. Readers should make their own enquiries for key decisions and not rely on the information presented.

References include the author's own work, observations and research, and reporting from the Australian Banking Association, EY and Authors Zook & Allen.

AI Policy

Tools such as ChatGPT are used to do initial research and, in some cases, drafting of documents. Phil is responsible for the final form of materials produced and he checks sources for accuracy.

