

Transitioning to a Digital-First Banking Model: Reshaping the Future of Banking

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The global banking sector is undergoing a fundamental transformation in its business models, driven by rapid advances in digital technology, changing customer behavior, and rising expectations for speed, convenience, and a seamless banking experience. Against this backdrop, digital transformation is no longer merely an option for improving operational efficiency; it has become a strategic pillar for redesigning banking services and the way they are delivered. This has given rise to the concept of Digital-First Banking, a new banking model that places digital channels at the heart of the relationship between banks and their customers while reducing reliance on traditional branches and physical channels.

Under this model, digital delivery becomes the primary and default option for customers. Mobile banking applications, digital platforms, electronic wallets, and self-service channels serve as the main means of interacting with the bank, while branches focus on advisory services and specialized transactions that require direct, face-to-face engagement. Digital-First Banking therefore goes beyond simply making services available electronically. It requires processes, procedures, and products to be redesigned from the ground up as fully digital journeys, from account opening and identity verification to lending, investment management, and customer service.

Several factors have accelerated the shift toward this model. Customers have become increasingly reliant on smartphones and digital services in nearly every aspect of their daily lives, and they now expect immediate, round-the-clock access to banking services. At the same time, growing competition from financial technology companies (FinTechs) and new digital banks has prompted traditional banks to reconsider their business models and service-delivery methods.

International experience indicates that Digital-First Banking offers important benefits to banks and customers alike. For banks, it can reduce the operating costs associated with branches and paper-based services, improve efficiency and productivity, and expand access to broader customer segments. It also supports financial inclusion by extending banking services to individuals and businesses in remote or underserved areas. For customers, it provides a faster, easier, and more flexible banking experience and enables them to manage their finances at any time and from any location.

Jordan's banking sector is keeping pace with these developments at an accelerating rate. A recent study by the Association of Banks in Jordan on investment in technology and digital transformation found that Jordanian banks spent approximately JOD 221 million on technology and digital transformation in 2025. This figure reflects a growing recognition of the importance of investing in digital infrastructure and technological innovation.

In digital banking, the study showed continued growth in the use of digital channels. Digitally executed transactions accounted for 64.4% of all transactions in 2025, while the average proportion of digitally active customers rose to 54.4%. These results highlight customers' increasing reliance on banking applications and digital services to manage their day-to-day financial transactions.

The findings further reveal notable progress in the adoption of emerging technologies, including artificial intelligence, big data analytics, and intelligent automation. Banks have begun applying these technologies across a range of areas, including customer service, fraud detection, credit-risk analysis, and forecasting customers' future needs. These applications improve service quality, accelerate decision-making, and enhance the effectiveness of risk management.

Despite this positive progress, a complete transition to Digital-First Banking is not without challenges. Banks must modernize legacy systems, ensure data quality, attract specialized digital talent, strengthen cybersecurity, and safeguard customer data. The transition also requires sustained investment in technology and digital infrastructure, together with the continued development of regulatory and legislative frameworks capable of keeping pace with rapid innovation in the financial sector.

It is important to emphasize that moving toward Digital-First Banking does not mean eliminating bank branches. Rather, it means redefining their role and purpose. Future branches are likely to be fewer in number and more specialized, with a greater focus on financial advice and value-added services, while most routine transactions move to digital channels. Branches will consequently evolve from transaction-processing centers into hubs for relationship-building and the delivery of advanced financial solutions.

The future of banking is clearly moving toward a more agile, intelligent, and customer-centric digital model. Banks that adopt this transformation strategically and comprehensively will be best positioned to compete and grow in the years ahead. In this regard, Jordan's banking sector has strong foundations that enable it to continue advancing its digital transformation, supported by a favorable regulatory environment, increasing investment in technology, and qualified human capital. These strengths will further enhance the sector's role in supporting the national economy and advancing sustainable development.

Given the rapid changes reshaping the global financial sector, the move toward Digital-First Banking is no longer a strategic option that can be postponed; it has become a competitive necessity dictated by the demands of the future. The banks best able to integrate technology within a coherent institutional vision will be the ones most capable of leading the next phase – not only by delivering more efficient and innovative services, but also by contributing to the development of a more productive, inclusive, and sustainable digital economy.