

Internet of Things in Banking - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

Market Report | 2025-04-28 | 120 pages | Mordor Intelligence

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Report description:

The Internet of Things in Banking Market is expected to register a CAGR of 18.58% during the forecast period.

Key Highlights

- One of the essential benefits of IoT in the banking industry is providing easy-to-access services to credit card and debit card customers. Banks can analyze the usage rate of ATM kiosks in specific areas and alter the installation of ATMs depending on usage volumes. Along with ATMs, banks can use IoT data to bring on-demand services closer to customers by providing kiosks and increasing the accessibility of service to customers. The customer data available through IoT can help banks identify their customers' business needs and value chains and gain customer insights. Customer information can help banks contribute to providing value-added services, financial assistance, and customized products to ensure a favorable situation for both parties.
- The market has a huge potential when it comes to retail banking. Banking via smart speakers provides customers with the convenience of issuing voice instructions rather than physically looking at a mobile device.
- IoT provides the BFSI industry with a variety of digitalization advantages, including a 360-degree client perspective, improved financial security, fraud detection, cutting-edge insurance tactics, and more. Innovations made possible by the Internet of Things assist banking and financial organizations in exceeding client expectations and providing superior customer service.
- Some banks have started using beacons to send customized offers to customers' smartphones as soon as they enter the branch. Some ATMs now have live-stream video support that allows customers to speak to tellers if they require additional assistance. Banks use IoT and other banking applications to resolve the conflict seen in traditional branch banking due to mobile banking. For instance, biometric sensors can be utilized to garner user data when they enter the bank and relay it to the primary system.
- To contain the spread of COVID-19, the majority of bank employees across the world are being asked to work from home. COVID-19 is also challenging the traditional banking habits of customers. The World Health Organization (WHO) has advised people to use contactless payment and avoid handling banknotes as much as possible. This is because COVID-19 may continue to

live on a note for days, accelerating the spread of this disease. By implementing digitized and remote customer transactions, banks can ensure that everyday and exceptional processes are likely to be carried out with limited disruption. This represents an increasing adoption of IoT in banking in the future.

Internet of Things in Banking Market Trends

Security Application is Expected to Hold Significant Share

- Nowadays, customer expectations, technological capabilities, regulatory requirements, demographics, and economics create a crucial change. This demands that banking institutions move past these challenges and adopt a proactive approach to cybersecurity. The financial sector faced almost three times the cyber attacks compared to the other industries. Data breaches (internal through fraud and external through cybercriminals) lead to an exponential cost rise. Enforcing Multi-Factor Authentication (MFA), usually for physical access control, virtual private networks, and prevention of counterfeit by chip assembly integrators, are the critical trends in the cybersecurity applications market, which are expected to enhance the market.
- Personal Financial Management (PFM) is a 21st-century innovation. The PFM's guiding idea is simple: give consumers a clear image of their accounts, revenues, and expenses. Using a PFM system, the customer can see his accounts' transactions. Banks will be able to better serve their clients by using the data generated by IoT. To track the customer's usage, an IoT must provide alerts or signals to activate/deactivate particular items maintained by the bank.
- Ongoing threats related to IoT devices will force banks to tighten security layers, including patchable firmware/software and controlled privilege access. New regulations will follow once massive-scale attacks are initiated using IoT. This will be done to amplify the attack using the help of wearable devices. According to Samsung Insights, wearables, such as smartwatches, are poised to become the future of the retail banking experience. For example, banks could use Bluetooth beacons to push personal greetings to customers' smartwatches when entering a banking location.
- The financial services industry appeals to cybercriminals for one apparent reason-access to money and related data and one less evident security hole related to the Internet of Things. IoT is being used by businesses more and more, with connected automobiles helping to determine insurance rates and smartphones taking the place of bank tellers. Finance professionals need to take several crucial actions to protect their client's data on interconnected platforms.
- For instance, between July and September last year, cybercriminals in Russia used social engineering to launch over 13,4000 assaults against customers of financial institutions. Additionally, phishing was used in approximately 3,000 client-targeting events.

North America to Account for a Significant Share

- North America has many of the largest banks, which significantly drives the market for IoT in banking. The convergence of operational and information technology and the increasing use of IoT devices in product, application, and premises monitoring for connected banking are factors driving the IoT in Banking in North America. The U.S. is the largest market for IoT security solutions in banking because of having a large number of banks with a large number of data breaches news.
- Many banks now provide applications for popular wearables like Apple Watch and FitPay, which is already working with Bank of America. Amazon is too planning to let customers zap each other cash with Alexa and then deposit it in an Amazon-branded checking account. Diebold, a U.S. financial and security services corporation, went even further and designed a smart ATM. If anyone wants to withdraw some cash, a person should schedule a session via a mobile app, walk up to the nearest ATM and choose one of the available verification options.
- There is an increased rate of data breaches in the United States annually. The main segment affected is the banking sector, and

the privileged misuse and web attack is the main reason for it, where the hackers use malicious code and software to alter computer code. Recent news quotes that HSBC Bank customers had personal information exposed to a data breach by unauthorized users in the United States. Like Attila's GoSilent, security solutions are designed to detect and prevent cyber-attacks from a broad spectrum of sources. Silent locks down access to banking institutions' networks by securing all the endpoints, such as servers, mobile devices, printers/scanners, laptops, and desktops.

- Banks are using IoT-enabled ATMs that can perform a wider range of transactions and provide customers with a more personalized experience. These ATMs can also be used to detect and prevent fraud. For instance, in October last year - three banking solutions from Hyosung America were introduced, including its Series 5 ATMs, Series 7 ATMs, and MS500EL Teller Cash Recycler.

Internet of Things in Banking Industry Overview

The Internet of things in the banking market is moving toward a fragmented market. This is because of the entry of companies and solutions into the market, creating a fragmented landscape within the IoT ecosystem. The key players are IBM Corporation, Microsoft Corporation, Cisco Systems, Inc., Infosys Limited, etc. Recent developments in the market are that, in February 2022, to encourage digitization among small dairies across India, DBS Bank India announced that it has teamed with Stellapps, a prominent dairy-tech business, as its banking partner. Stellapps provides cloud-based milk grading, which increases transparency for farmers regarding the amount and quality of milk delivered and the income gained from it. This is done through IoT-based solutions and digital data. With the help of 2.8 million dairy producers and 250 dairy processors, Stellapps' digital milk procurement system presently helps 13 million liters of milk per day. Due to the investments required, many dairies are reluctant to install a digital structure. As a result, they decide to lease Stellapps' online network.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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