

CENTRAL BANK OF EGYPT  
Egyptian Banking Institute



62.432

البنك المركزي المصري  
المعهد المصرفي المصري

35.715

85.204

35.254

24.725

Lifestyle Banking

APRIL 2025

Current Trend

12.751

APRIL 2025

# Current Trends



## | Background

The banking industry has undergone radical changes driven by digitalization and changing customer preferences. Banks are looking forward to provide a comprehensive omnichannel banking experience that seamlessly integrates with various aspects of customers' lives. In this context, banks seek to tailor products and services that address specific needs in a personalized and timely manner, going beyond basic savings and loan services. This orientation leads to the concept of "Lifestyle Banking", an innovative and revolutionary approach that redefines the banking experience by integrating financial services into the customer's daily life. It translates to a more meaningful and engaging relationship with their money, empowering customers to achieve their personal and professional goals.

Lifestyle banking departs from the conventional transactional model, focusing instead on delivering value-added services and experiences that align with customers' lifestyles. Rather than viewing banking as a standalone activity, lifestyle banks integrate seamlessly into customers' daily routines and offer a range of services beyond traditional banking products. Offering lifestyle services such as health, travel, and shopping can significantly impact bank revenue streams and balance out the risks of providing only traditional banking services. Despite the importance of traditional bank products, the new era requires banks to step away from the "traditional generalist bank" approach and specialize in specific services.

## | Concept

Lifestyle banking is an innovative approach that integrates banking services into customers' daily lives, offering personalized features that go beyond traditional banking. It leverages advanced technology and data analytics to create a holistic and personalized experience customized to each customer's unique needs and preferences.

Lifestyle banking's main goal is to support customers to manage their finances effectively, while improving their quality of life through the used banking services. For instance, digital banks may provide comprehensive financial management tools that help users track spending, set budgets, and achieve savings goals with minimal effort.

Banks integrate with various lifestyle partners, offering customers exclusive discounts and rewards. They may also offer tailored reward programs that give customers cashback, discounts, or loyalty points for purchases in specific categories, such as dining, travel, or entertainment, based on their spending habits. The lifestyle banking approach expands banking limits to new horizons, offering health, education, nutrition, professional, and travel-related services. This

## Importance and Excepted Benefits

holistic approach enhances customer satisfaction, fosters loyalty, and sets banks apart in a competitive market. By embracing digital innovation, data-driven insights, and strategic partnerships, banks can deliver exceptional customer experiences and drive long-term growth.

### Revenue Sources Diversification

- **Increased Fee Income:** Banks can earn additional income through service fees or commissions from partners offering health, travel, and shopping services.
- **Subscription Fees:** Offering premium accounts that include access to exclusive lifestyle services can attract customers to pay a monthly or yearly subscription fee, providing a new income stream.

### Enhanced Customer Engagement and Loyalty

- **Customer-centricity and Retention:** By leveraging advanced data analytics, open banking, and artificial intelligence, lifestyle banks can gain deep insights into customers' preferences, behaviors, and life stages. This enables them to tailor products, services, and recommendations to meet individual needs and aspirations, fostering more robust customer relationships and loyalty, making it less likely for customers to switch to competitors.
- **Cross-selling Opportunities:** By integrating lifestyle services, banks can create opportunities to cross-sell their core financial products based on the insights and data analytics.
- **Competitive Differentiation:** Unique lifestyle services can differentiate a bank from its competitors, attracting new customers and younger generations looking for a one-stop shop for their financial and lifestyle needs.

### Tailored Marketing

- **Customer Data Analysis:** By offering a range of services, banks can collect valuable data on customer preferences and behaviors, enabling them to tailor marketing strategies and offer personalized financial products.
- **Targeted Promotions:** With detailed insights into customer habits and preferences, banks can design targeted promotions for financial products that customers are more likely to be interested in, increasing the success rate of marketing campaigns.

## | Challenges

While applying lifestyle banking can open new revenue streams, banks should also consider the associated challenges:

- **Data Privacy and Cybersecurity:** The increased use of data and personalization increases the exposure risks for banks. In addition to implementing data protection and cybersecurity measures, banks should educate their employees and customers about the dangers, risk identification, and prevention mechanisms.
- **Operational Complexity:** Integrating non-financial services requires robust technology platforms and can increase operational complexity. Banks should assess IT and operational complexity and resource requirements beforehand.
- **Partnership Management:** Success often depends on the quality of partnerships with service providers, which require effective management and coordination. However, partnerships can create risks and costs for banks due to their outsourcing nature or if the partnership goals and strategies are not aligned.
- **Regulatory Compliance:** Banks must navigate the regulatory implications of offering diversified services, ensuring compliance across different sectors. A detailed regulatory analysis should be conducted before partnering with different sectors.

## | Practical Cases

### 1-Standard Chartered Lifestyle Banking

- Standard Chartered offers a comprehensive lifestyle banking services designed to meet the unique financial needs of their clients and those seeking personalized banking experiences. The services cover tailored financial solutions high-net-worth individuals, customized investment strategies based on individual goals and risk profiles, exclusive access to events, travel benefits, and partnerships with luxury brands, personalized insights and financial planning tools and Investment options focused on sustainable and responsible practices.

### 2-Liv. by Emirates NBD

- Liv. is Emirates NBD's digital-only bank tailored for millennials and young adults. Its lifestyle banking services include personal finance management tools, exclusive deals and discounts with partner merchants (restaurants, entertainment and retail stores), goal-based savings, Liv. Marketplace app for booking flights, purchasing event tickets and instant digital account opening.

### 3-ADIB Smart Banking by Abu Dhabi Islamic Bank (ADIB)

- ADIB Smart Banking facilitates digital onboarding, allowing customers to open and activate accounts entirely online without visiting a branch. It provides a range of lifestyle rewards, including discounts and cashback on purchases made with partner merchants, tailored to enhance customer engagement and satisfaction. ADIB Smart Banking also includes personal finance management tools, such as budgeting, expense tracking, and financial planning features, helping users manage their finances effectively.

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