Financial services industry

Unlocking enterprise-wide potential

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Macroeconomic pressures, increasing disruption and rapidly changing market conditions are forcing a technology overhaul in the financial services industry

59%

of organizations say that the pace of technology change has a positive impact on their operations and performance

66%

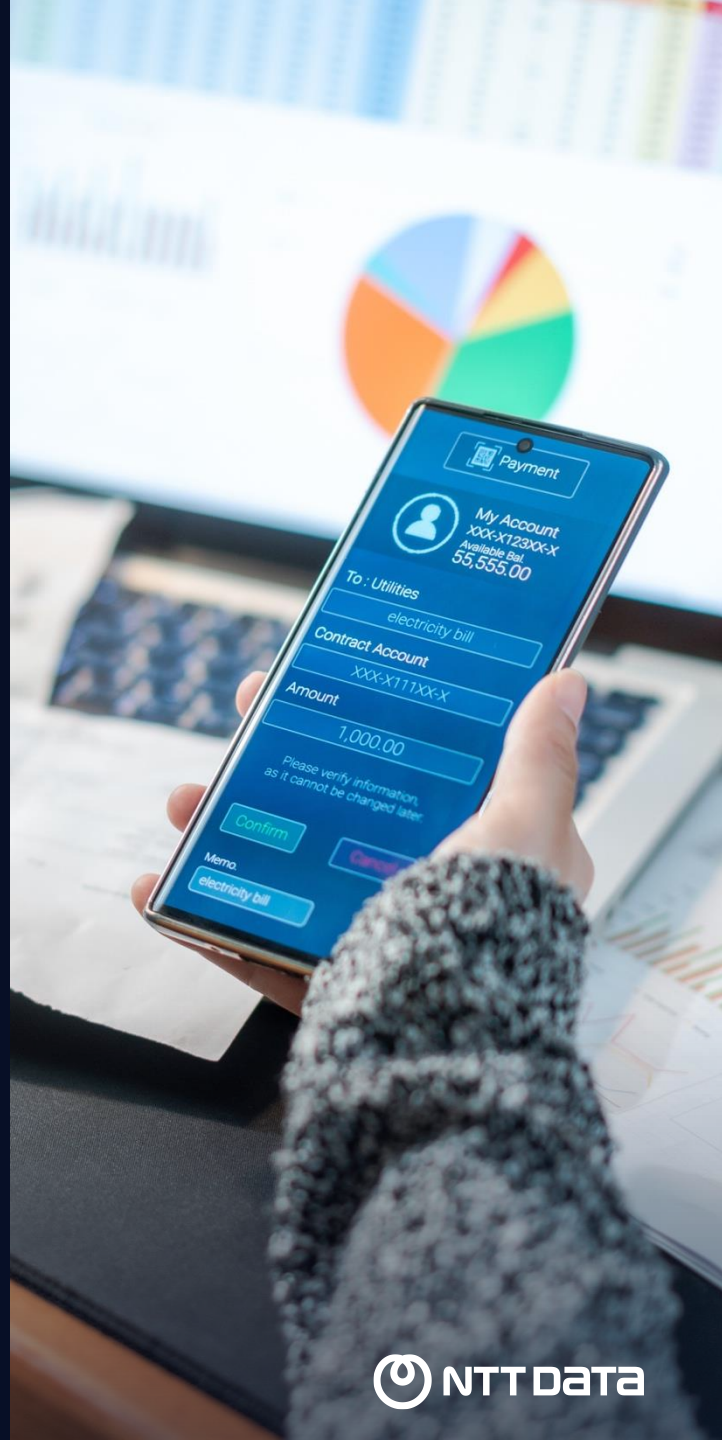
are significantly increasing spend on IT infrastructure because of macroeconomic factors

93%

agree that innovation is driving new requirements and a move to modern, more agile architectures

But only 34%

are at an advanced stage of readiness when it comes to cutting-edge technical capabilities



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Financial services organizations cite a misalignment between technology strategies and key business objectives

This is contributing to lost opportunity, impacting competitiveness and creating unnecessary risk.

50%

say that their **overall technology strategy** is not fully aligned with their business strategy

>9 in 10

say that **legacy infrastructure** is greatly impacting their business agility

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Where financial services organizations need help

Key business objectives

Top 5

1. **Digital transformation**
   Greater adoption of innovation and new technologies
2. **Customer experience**
   Loyalty and share of wallet
3. **Innovation**
   Leveraging new solutions
4. **Business agility**
   Improving the speed of response to change
5. **Business growth**
   Including the development of new revenue streams

increasingly fueled by data, enabled by technology

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Top performers' perspective

Top-performing businesses in the industry are achieving their business objectives, driving innovation and improving through digital advances

85%

of top performers have fully **aligned their technology strategy to their business goals**; just **49% of other organizations in the industry** can say the same

92%

of top performers are **accelerating investment in digital transformation, compared with 58% in the rest of the industry**

x2

Top performers are almost twice as likely than the rest to be in a state of advanced digitalization

x2

Top performers are two times more likely than other organizations in the industry to take a digital-first approach to customer journey design

50%

Top performers are 50% more likely to consider digitalization and greater adoption of innovation/new technologies as a top priority

Top performers are more likely to have implemented new technologies

78%
Multicloud networking
(51% overall)

89%
Edge
(40% overall)

*Top performing organizations (all sectors) categorized as: >10% yoy revenue growth (last FY) and >15% OP margin (last FY)

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Sensitivity Label: General

3 key tracks

where financial services organizations can accelerate their technological advantage

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01

Optimize

Improving productivity

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Business optimization

Simplify and **modernize, thrive** and **grow,** with the ability to **swiftly adapt** existing **business models** and operations to changing market opportunities.

>9 in 10

financial services organizations agree that business demand **for increased speed, agility and innovation** is driving new operating models

Majority

agree that innovation initiatives will be a primary **source of growth** over the next 2 years

94%

agree that the convergence of **technology and physical building systems** are introducing new requirements

#1

Maintaining cybersecurity standards is the top trust/confidence issue affecting the use of AI automation

Just 53%

have a named **C-suite appointee** responsible for defining and delivering sustainability/ESG objectives

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Top performers view a **lack of data and the inability to gain insight from trusted analytics data** as a #1 challenge to optimizing customer journeys

94% say that **quality monitoring and analytics tools** are a high priority and integral to compliance-focused workflow and process **optimization**

96% of organizations say that predictive analytics is critical to establish performance insights and anticipate future operational needs

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Top performers in financial services are leveraging advanced analytics to reengineer workflow processes and customer journeys

Analytics systems used to collect and interpret customer and employee data	Top performers	Global	
Employee analytics (e.g., productivity)	1	3	↓
Customer analytics (e.g., CRM)	2	2	↔
Web analytics (e.g., web cookies)	3	7	↓
Big data analytics (combining data from all channels)	4	5	↓
Predictive analytics (incl. data modeling)	5	8	↓

Source: 2023 Global CX/EX Report - Q28) What, if any, analytics systems do you use to collect and interpret customer and employee data?
Base: All financial services respondents, excluding "don't know" responses (n=248)

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Personalization enabled by AI

Financial services organizations are embracing the dual challenge of optimizing customer journeys and delivering hyperpersonalized CX. With AI, they are poised to exceed customer expectations, paving the way for customer-centric financial services

Top performers say that **improved personalization** is the **#1 outcome** achieved as a direct result of their **investment in AI**

One-third of organizations are using AI- and machine-learning-driven support (such as attended virtual agents) to improve employees' interactions with customers

96% say that the **demand for personalized CX** is driving the rapid **integration of touchpoints** that unite real-time customer data with **AI and analytics**

AI solutions (incl. machine learning, ChatGPT, etc.) are considered the **#1 enabler to improve CX** capabilities in the next 3 years

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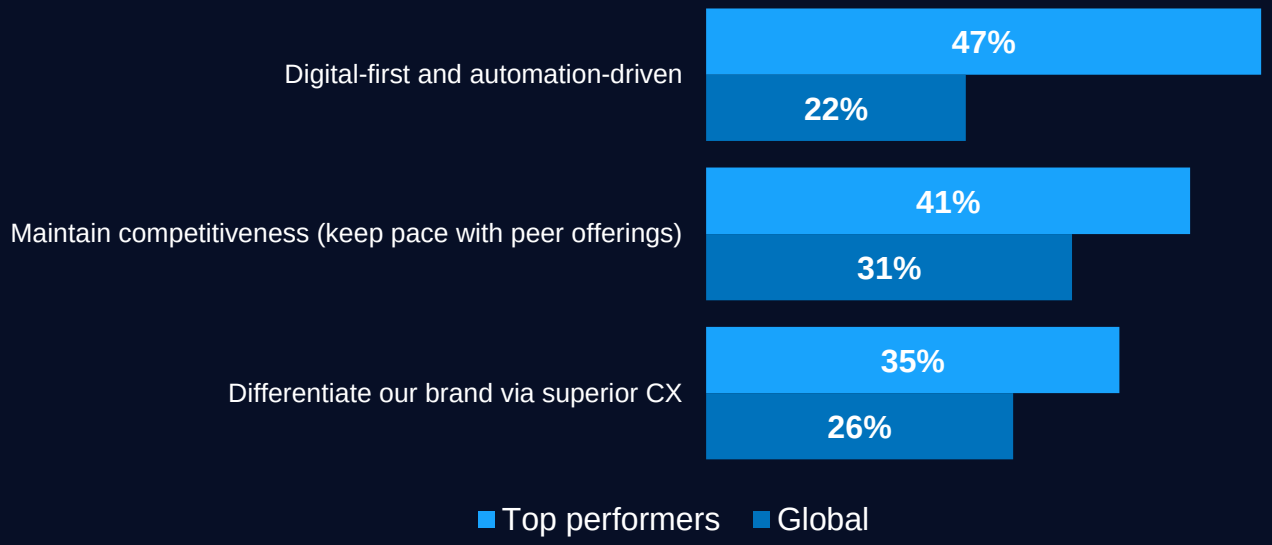
Digitalization: the backbone of CX improvement and innovation

Top-performing financial services organizations have recognized the modern customer's preference for digital interactions

Principles for customer-journey design



Source: 2023 Global CX/EX Report - Q14) What are the top 3 principles of your future customer-journey design strategy?
Base: All financial services respondents, excluding "don't know" responses (n=248)

Top performers are digitalizing and automating their CX

They are investing significantly in the infrastructure required to deliver secure, sustainable and seamless CX journeys

Top performers are almost twice as likely as the rest to be in a **state of advanced digitalization**

Top performers are two times more likely to take a digital-first approach to customer-journey design

Top performers are 50% more likely to consider **digitalization and greater adoption of innovation/new technologies** as a top priority

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Optimization means making solutions quick and easy

Top performers want to ensure that their products and services are quick and easy to use, and regularly measure performance. Monitoring that correct processes are followed reduces the risk of non-compliance. Top performers are also more likely to pay special attention to how customers are engaging with automated content.

Top performers are:

88%

more likely to measure speed/average response times

79%

more likely to measure customer effort

Almost 3x

more likely to track the consumption of automated content

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Driving the C-suite agenda:

EX = Efficiency = Profit

EX is now a business strategy

Financial services organizations are embracing a new narrative, prioritizing efficiency-boosting technologies to transform the employee experience and deliver results.

93% agree that talent retention is a key motivator for improving EX

Only

42% agree strongly that their organization is recognized as an **employer of choice**

Technology enablement is the #1 organizational priority for enabling **EX strategies**

Top 3 tools to improve employee interactions

1. Virtual learning assistance
2. Interaction advice (e.g., prompts questions, offers and personalized guidance)
3. Knowledge management systems

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Workforce optimization

Elevating the human elements of the organization through modern talent strategies, new skills and capabilities, and innovative workforce environments to meet future organization and workforce demands

90%

of financial services organizations agree that making EX improvements will improve CX and directly affect their net profit.

Over half

of employees in the sector will work fully remotely or will be part of a hybrid model.

80%

of organizations in the sectors say that EX levels are low and that this negatively impacts delivery and business success.

Only 53%

strongly agree that their employees have access to the technology they need when working from home or on-premises.

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02

Transform

To meet evolving demands

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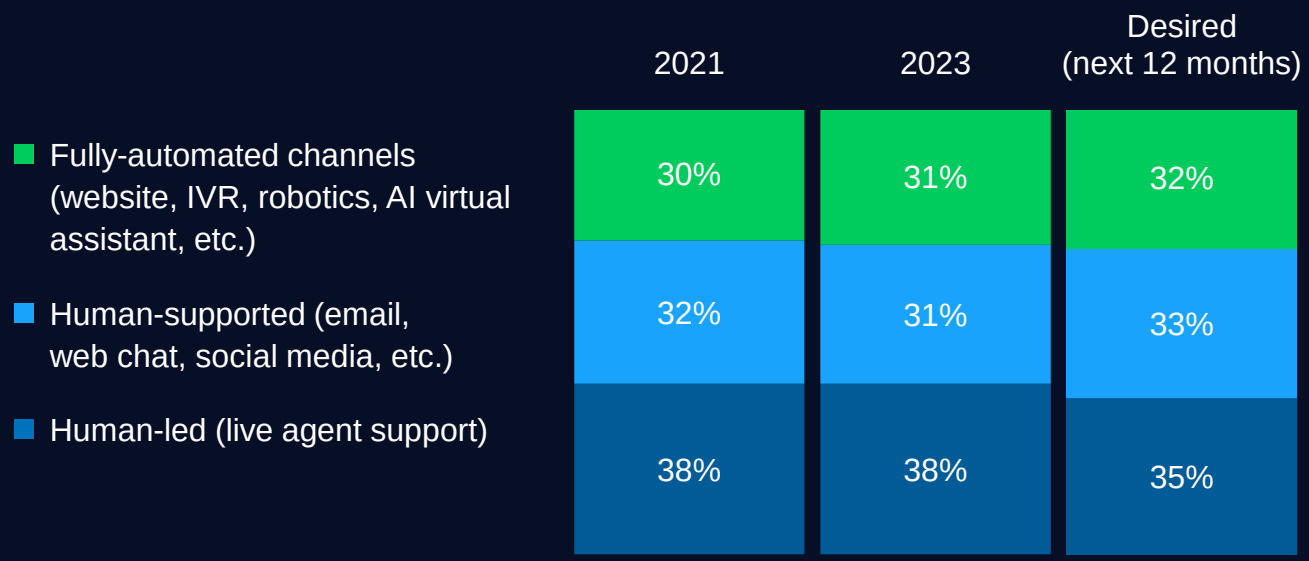
Strive to harmonize automation and the human touch

Organizations in financial services see the need to balance automation and human resources, using automation to simplify basic tasks while requiring human agents to handle more complex issues (which necessitates ongoing training to enhance customer service and loyalty).

Average % of CX interactions via each channel



Source: 2023 Global CX/EX Report - Q37) What are your current and desired splits of CX interactions across the following channel groups:
Base: All financial services respondents, excluding “don’t know” responses (n=248)

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The majority of consumers say digital contact channels mostly offer **the same and/or better CX** than human-led interactions

70% say AI and automation are making a significant impact on **removing drudgery from agent interactions**

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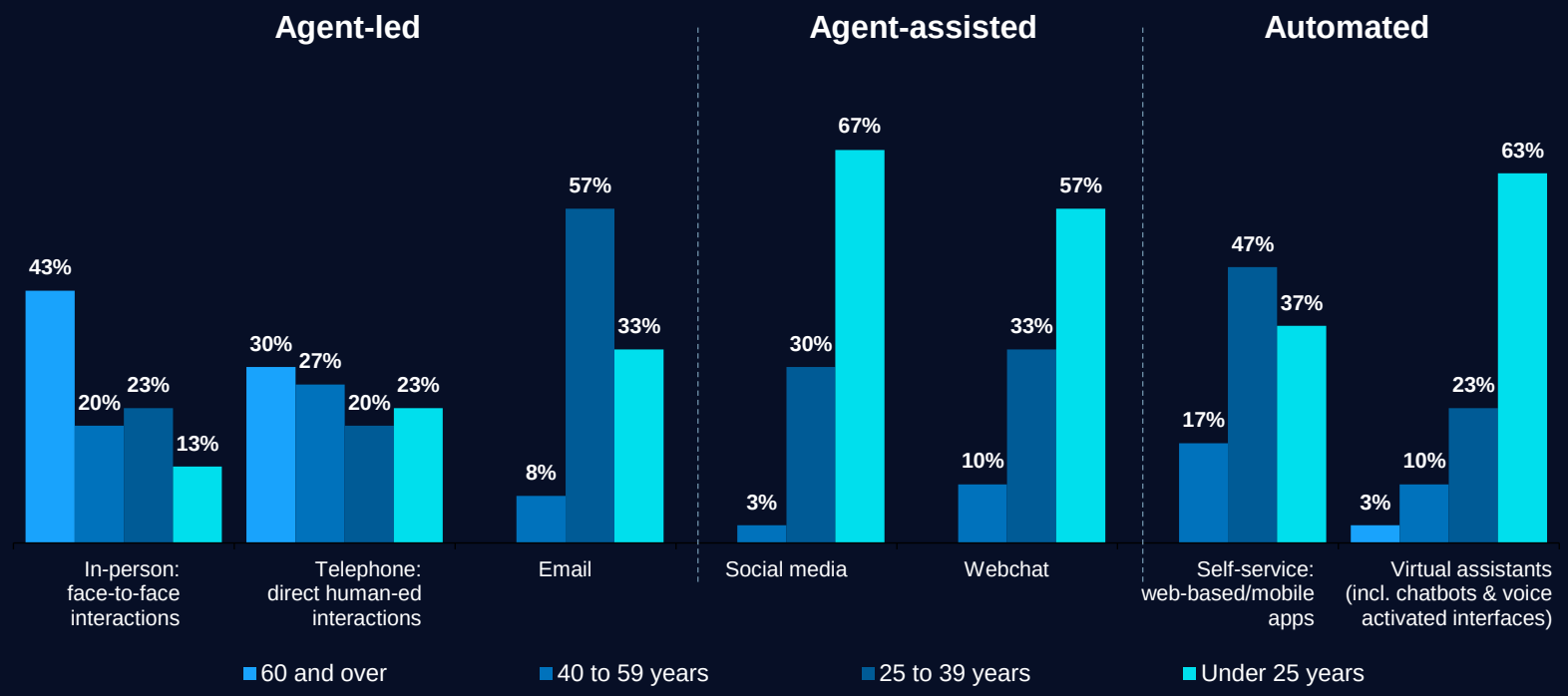
Adapting to changing customer demands

Customers are demanding **digital interactions and a seamless and personalized experience** across multiple channels.

Understanding and optimizing customer journeys is essential to growth and customer retention.

Customers are embracing new channels. Deploying these channels correctly is key.

Under-40s are open to an ever-widening variety of contact pathways. The trend of those aged 40+ accepting less traditional channels continues, although for now, human-led channels are still their main preference. The use of virtual assistants and automated channels is growing, regardless of age group



Source: 2023 Global CX/EX Report: OpsQ1) What customer interaction channels do you provide now, or plan to provide?
Base: All financial services respondents, excluding "don't know" responses n=30

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Designing effective customer journeys

More than 9 in 10 financial services organizations now consider CX as a profit center with the potential to add value and drive revenues, while poor customer-journey design could end up increasing costs.

Yet, for now

Only 7%

strongly agree that **they regularly review workflow processes**

Only 40%

strongly agree that **CX delivery is consistent and defined** across all customer journeys

And

1 in 4

say that the **inability to identify process blockage points** is a key challenge in optimizing customer journeys

But

94%

are interested in **better understanding the impact of CX user journeys** on customer loyalty

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Cloud has emerged as the top business enabler

Cloud has become critical to facilitating modernization and unlocking (as well as trialing) advanced technology potential

#1

Financial services organizations rank cloud technologies as the #1 enabler that will positively reshape their organization's future CX capabilities

Top 3 business outcomes delivered through cloud:*

1. **Customer engagement**
   Cloud enables improved CX and the ability to adapt to changing needs
2. **Innovation**
   Cloud speeds up feature development and deployment, enhancing delivery and innovation
3. **Scalability**
   Cloud's scalability adjusts to demand fluctuations, ensuring operational efficiency

95%

agree cloud solutions are vital for enabling outcomes related to CX and EX

Top 3 effects of cloud on business efforts:

1. **Improved productivity**
   (better collaboration and communication)
2. **Improved customization**
3. **Improved integration**
   (i.e. access to a single integrated customer platform)

***Source**: Beyond the hype: C-suite perspectives on breakthrough cloud success (Omdia)

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Cloud and security

The high adoption of cloud solutions is driving increased security demands that require a deeper level of access control and inspection.

Security concerns about **customer data held in the cloud is the #1 challenge** in organizations' move to the cloud

Yet, 63%

of CISOs in the financial services industry say that cloud technologies **have improved security and regulatory compliance** as they relate to CX business efforts

Cloud and sustainability

72%

of financial services organizations say that cloud services have directly contributed to sustainability goals by improving operational efficiency

Over half

say that cloud has helped reduce energy consumption

61%

agree that IT, data center and cloud infrastructures are now key pillars of their sustainability strategy

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03

Innovate with purpose

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Innovation initiatives will drive higher profitability, efficiency and growth

97% say innovation initiatives will drive higher profitability in the organization in the coming 2 years

54% believe strongly that innovation initiatives will be the primary source of growth in the same timeline

Top drivers of innovation in financial services

1. **Business growth**
2. **Process efficiency**
3. **Profitability**

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Innovation is a priority for financial services organizations

58%

consider the integration of new/modern technologies into their processes as a priority over the next 2 years

37%

say their innovation budget is growing at a faster pace than the growth of the organization in the last 2 years

And it's delivering results

61%

say investment returns on innovation initiatives are meeting expectations

26%

say expectations are exceeded

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Innovation comes with challenges, and organizations need expert help

54%

of financial services organizations are falling short of their innovation goals

Only
36%
have advanced innovation systems and infrastructure (even though 60% say this is a high priority in the next 2 years)

Only
34%
believe they have the technological capabilities

63%
are held back by not knowing where to start

56%
are held back by lack of use case/perceived ROI

Over
half
are restricted by the processes of partners and vendors

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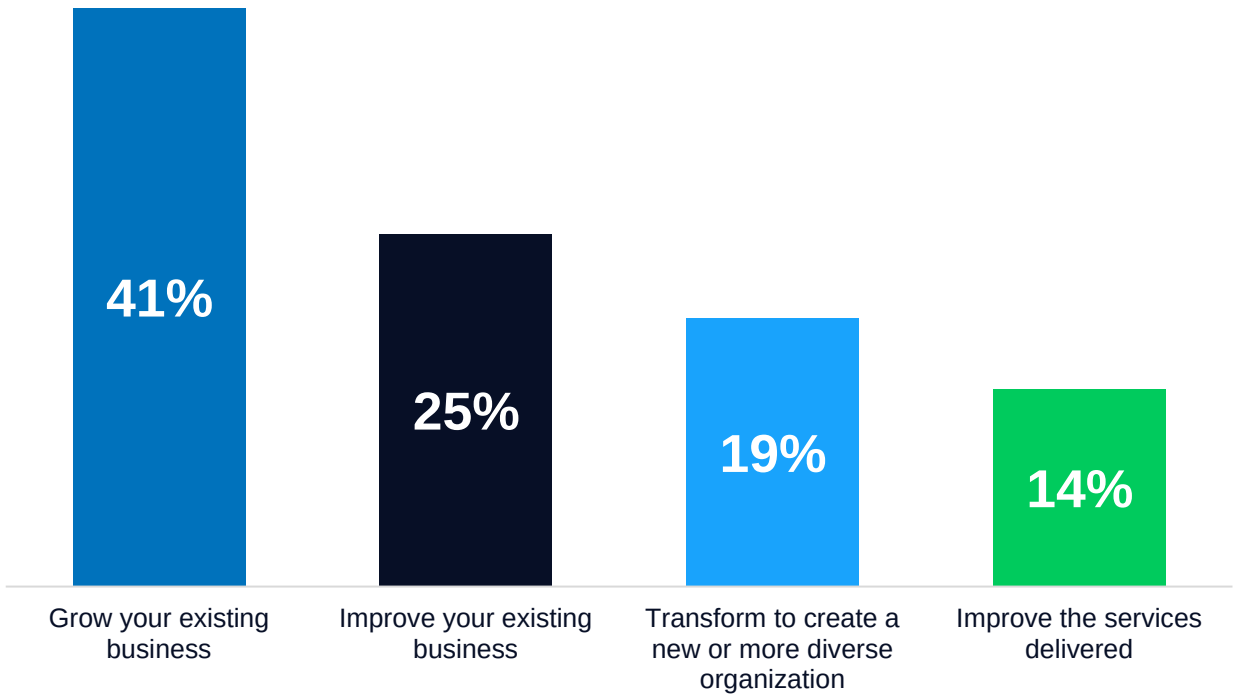
Innovation starts with the right approach

Primary approaches to innovation



#1

area forecast to have biggest the impact (ROI) on organizations in the next 2 years is creating gradual, continuous improvements on existing products and services.

19%

are creating a new technology or business model that disrupts an existing market.

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AI: from data analytics to personalized CX

Organizations recognize the potential of AI to enhance customer-centric financial services

Customer satisfaction (CSAT) with AI-led CX interactions is now on a par with CSAT for human-led interactions

Customers' resistance to AI-led CX is falling year on year

Top 3 outcomes achieved as a direct result of investment in AI

1. Improved speed/KPIs (faster turnarounds)
2. Improved employee retention
3. Increased efficiency/ streamlined user experience

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In a disrupted landscape, financial services organizations need to be more agile than ever

They need to create an agile and adaptable organization that's ready for the rapid change of pace in the industry – and prepared for the unknown.

9 in 10

say that legacy infrastructure is greatly impacting business agility

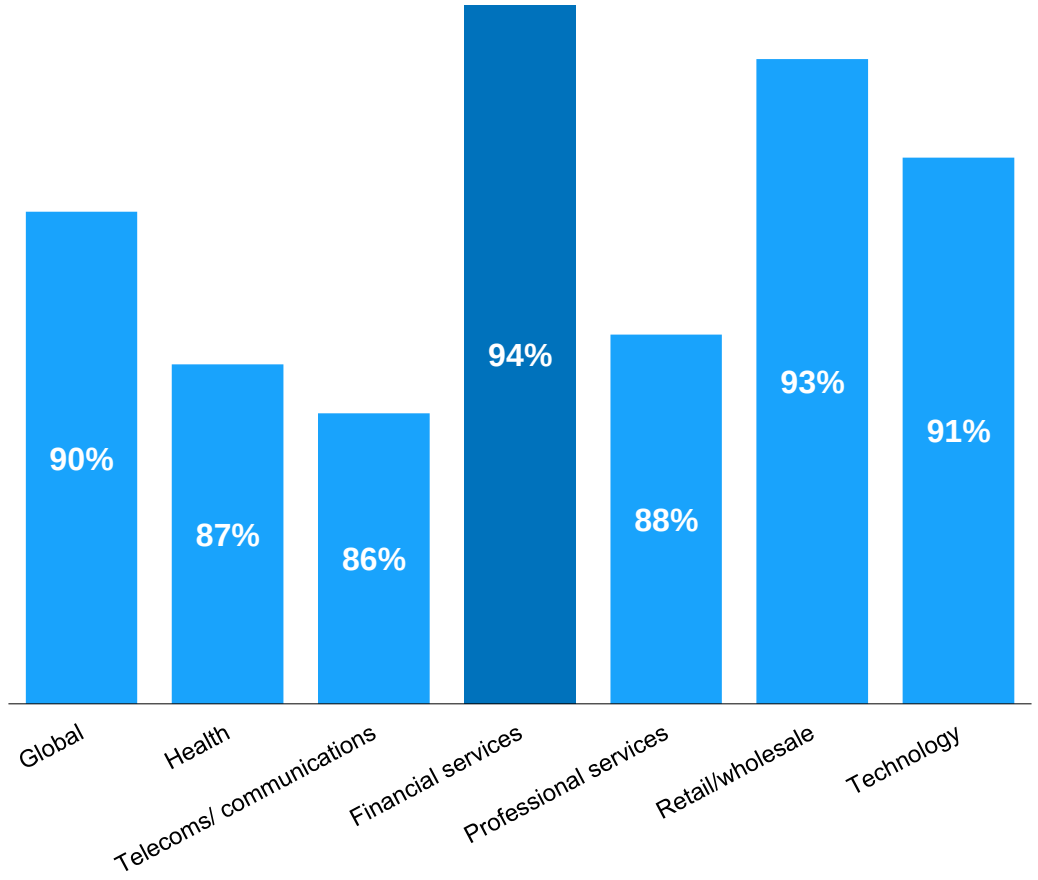
94%

agree that innovation is driving new requirements and a move to modern, more agile networks

>9 in 10

agree that network functions will be moving to the cloud (more than any other sector)

% of respondents that agree network functions are moving to the cloud



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Getting the network foundations right to enable innovation

The need for **digital transformation** is driving **significant change in network** requirements, availability and demand.

Nearly 1 in 2
say that digital transformation is the top business objective positively impacted by improvements to the network

94%
agree that networks are vital for enabling outcomes related to client/customer experiences

But over, 3 in 4
say low network maturity is negatively impacting business delivery

And 1 in 4
agree that inadequate or outdated technology is preventing them from achieving network goals

Which is why:

95% of financial services organizations confirm they will be investing in modernizing their network

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The edge advantage is real, and investments are driving key business outcomes

95%

of edge adopters agree that edge is providing a **competitive advantage**

Over 8 in 10

agree that edge investments are **meeting – and frequently exceeding – expectations**

Top 4 problems solved using edge

1. Real-time data access
2. Automation and AI
3. Support network segmentation strategy
4. Reduce data security and privacy risks

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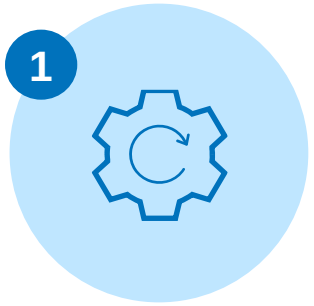
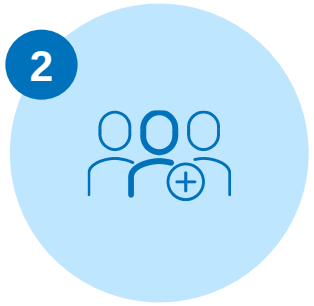
Edge investments are producing results

Financial services organizations that have already implemented edge technologies are reporting outcomes that positively impact their businesses

5 key outcomes

1. 

Seamlessly integrated private 5G/edge with enterprise networks

2. 

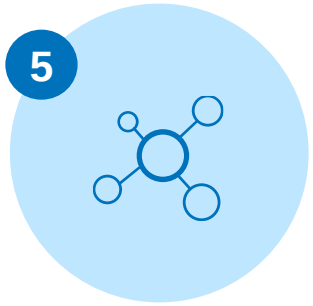
Improved **security** with **local data storage/ connectivity**

3.

Improved access to **business and customer analytics**

4.

Enhanced **operational resilience and reliability**

5. 

Reduced **cloud networking costs**

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Be secure

New technologies open doors for innovation but also create vulnerabilities. Frequent and sophisticated cyberattacks require financial institutions to prioritize and invest in cybersecurity.

Only 45%

agree strongly that their **current cybersecurity controls are effective** in enabling employees wherever they work

9 in 10

agree that hybrid work has caused their organization to **increase their investment in data protection and security**

#1

Maintaining cybersecurity standards is the #1 trust/confidence issue affecting the adoption of AI

94%

are investing in **cybersecurity capabilities**

Partnering for improved security

Enhanced cybersecurity is

the top criteria

financial services organizations consider when assessing CX technology solutions partners

92%

say that their CISO/cybersecurity team is closely involved in CX vendor selection

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The trend toward SASE and zero trust

Only 43%

of organizations are extremely confident that their **current security solutions will protect their organizations from attacks**

76%

of all organizations **expect to have zero trust frameworks in place** within the next 12 months

Top 6 security objectives when implementing zero trust

1. Protecting customer data
2. Improving the protection of confidential and sensitive data
3. Improving security in application development processes
4. Reducing time-to-breach protection
5. Addressing risks related to operational technology systems, IoT devices, etc.
6. Enhancing identity and access controls

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Conclusion and next steps

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Key takeaways

Changing customer demands

Customers are demanding digital interactions and a seamless and personalized experience across multiple channels. Understanding and optimizing customer journeys is essential to growth and customer retention.

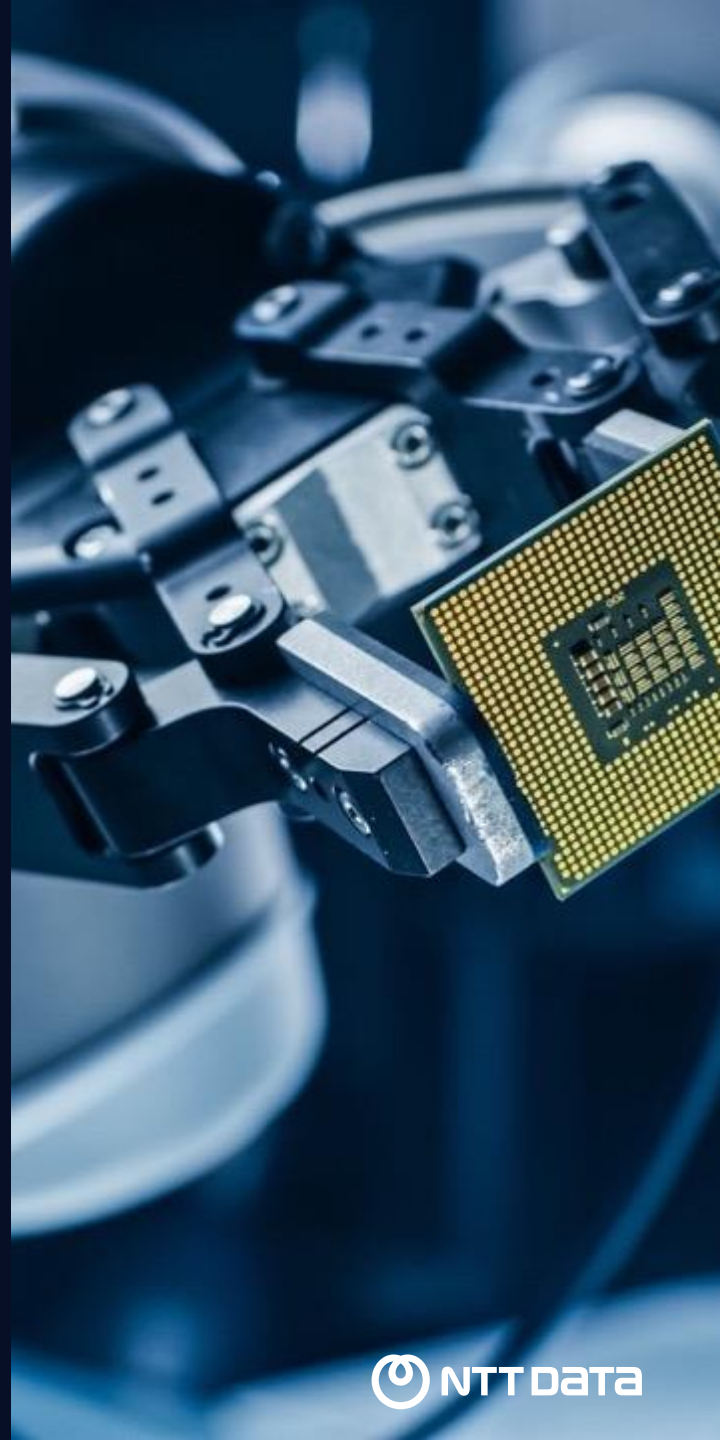
Balancing automation and human-led interaction

Financial services organizations recognize the need to balance automation with human-led interaction to provide a consistent customer experience across all departments.

AI and data analytics are emerging as critical enablers

Financial services organizations are employing data and analytics to understand customer needs and deliver hyper-personalized CX. They are embracing AI to enhance workflows and pave the way for customer-centric solutions that drive key business outcomes.

Prioritizing cloud is key to achieving CX/EX goals
while **enhancing security and compliance**



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Next steps

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Managing the complexities of cloud, security and disruptive AI requires evolved skill sets

9 in 10

Banking and financial services organizations say **macroeconomic pressures**, increasing **disruption** and **rapidly changing market conditions** have forced **in-house IT teams** to focus on **core business activities**. **Complex CX workloads** are increasingly **outsourced**.

Almost 50%

have increased their spend on vendor/third-party service providers.

Top 3 factors in selecting a partner

1. Enhanced cybersecurity
2. Leading innovation/strategic vision expertise (AI, analytics, cloud, etc.)
3. Improved service delivery

Top 3 reasons to consider an as-a-service model

1. Flexibility to scale up and down
2. Demand for a single consumable model
3. Supply-chain certainty

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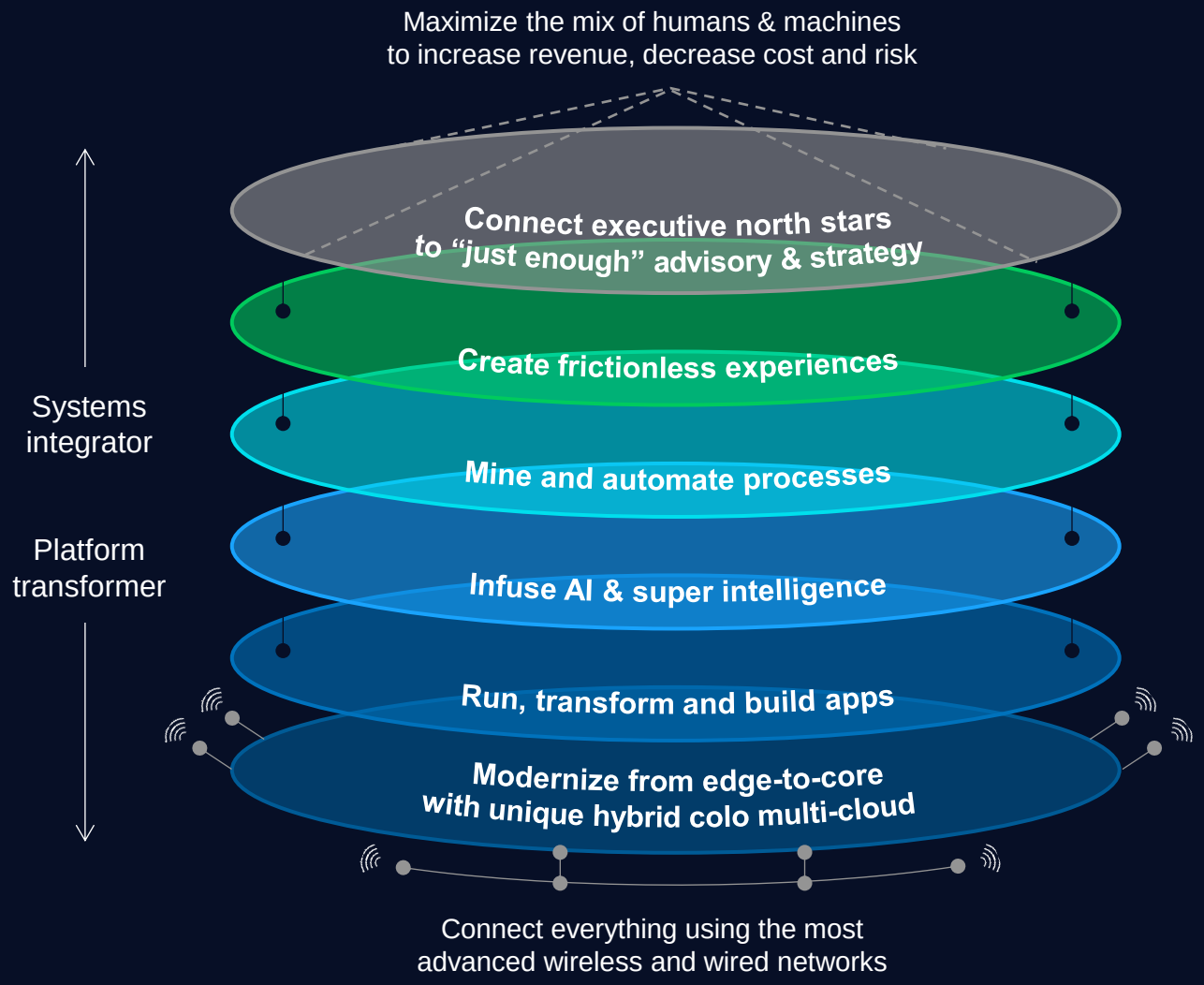
We have the world's only full stack transformation portfolio



Strategic guidance, validated by data-led benchmarks to support consulting that's based on real-world experience of SMEs with industry insight, to offer full-stack and vendor-neutral solutions:

Providing:

- Trust
- Innovation
- Value
- Partner access
- Proactivity

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Let NTT DATA help

We can help you navigate the new era of digitally-enabled technology

Our experience in migrating organizations to the cloud, combined with our proven CX and EX capabilities, will complement your existing infrastructure and services to give you a competitive edge.

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About the report

Data sources:

NTT DATA technology strategy research

- The research was conducted in several phases during late 2022 to 2024 to source responses from senior technology decision-makers.
- Sample range was from 100 to 1442
- Participants were selected through random sampling on the basis that they had a direct or indirect influence on their organizations' technology requirements

Sources include:

- **2022/23 Global Network Report**.
- **2023 Global CX/EX Report**
- 2023 Innovation Index
- 2023 Unseen Hidden Cost of Data Report
- 2024 Zero Trust Report
- 2023 Edge Advantage Report

Data proof points were further validated and contextualized via a series of in-depth interviews with NTT DATA's leading experts in the financial services industry.

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