NTT DATA

Fast-track your modernization

An executive guide to maximize your banking and financial services modernization investments, reduce risk and accelerate growth

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Driving financial services' digital success by fast-tracking modernization

New and emerging technologies like AI, blockchain and quantum computing are changing how we do business, fast. Organizations that offer financial services must innovate to keep up with and stay ahead of the competition.

Seamless digital-first experiences are business-critical, not "nice to have". Continual modernization is essential to meeting changing customer expectations.

Automation and connected, smooth processes are essential to optimize costs and increase operational efficiency.

Leaders must build a digital success strategy based on:

- Strengthened cybersecurity, reliance and compliance
- Hyperpersonalized customer experience (CX)
- Sustainability on all levels of business
- Leveraging the power of AI

Banking, financial services and insurance (BFSI) executives must embrace a change mindset to position themselves for accelerated digital success.

Top four technology and business priorities shaping the banking and fintech industry

1. **Cyber resilience**
   Resilience is critical to achieving digital success, fast. Cyber resilience improves trust in systems, data and across customer interactions, while protecting company and customer data. It helps organizations comply with regulations and follow best practices, safeguarding transformation.
2. **Hyperpersonalized CX**
   Providing comprehensive self-service experiences is crucial for attracting and retaining customers, driving increased loyalty and boosting engagement. Businesses must achieve new levels of personalization through the intelligent use of AI and data.
3. **Sustainability**
   Shifting workloads and processes to the cloud accelerates modernization at scale. Cloud technology helps organizations embrace greener finance models by reducing physical infrastructure, lowering energy consumption and optimizing resource use. It also supports more efficient data processes.
4. **GenAI**
   BFSI organizations are leveraging new and emerging AI capabilities to improve process efficiency, strengthen security, increase personalization and significantly reduce operational friction.

What does fast-tracking modernization mean, and why is it key to digital success?

BFSI leaders should prioritize streamlining processes, rapidly integrating new technologies and improving digital capabilities for strategic modernization.

This includes adopting key enablers of success such as modernizing core banking platforms and infrastructure and moving to the cloud.

Migrating to the cloud and using cloud-native applications increase operational agility. Cloud offers the flexibility to rapidly reconfigure infrastructure resources on demand, supporting innovation.

Cloud increases the speed to market for new products and services, makes operations more efficient and improves overall system reliability.

Continuously modernizing core banking functions and stable infrastructure enables businesses to future-proof their offers and capabilities to stay ahead of change.

By leveraging hybrid cloud and composable architectures, businesses can increase flexibility, security and business continuity, while optimizing the deployment of complex workloads for better performance and cost-efficiency.

With the right-fit architecture in place, businesses can begin to leverage new and emerging technology like AI and blockchain to support everything from intelligent chatbots and predictive risk analysis to secure smart contracts and tokenizing assets like stocks.

> “Agile infrastructure can ease the burden of repetitive tasks, like data entry, report generation and customer onboarding, while reducing the risk of human error. This supports faster transaction processing at a greater scale to deliver more connected experiences.

We focus on helping our BFSI clients achieve key outcomes such as:

Increase growth

Banking modernization solutions must be tailored to each client's growth objectives. For most BFSI organizations, primary growth ambitions revolve around rapid digital expansion, increased customer acquisition and the accelerated evolution of digital products and services. Any strategic approach to modernization should focus on enlarging the client's digital market share.

Maximize ROI

Our strategy to fast-tracking modernization is designed to help BFSI organizations maximize their return on investment (ROI). This may involve modernizing mainframe systems, migrating to the cloud, using AI for automation streamlining processes, fostering innovation or exploring new business models. We understand the critical need to see significant ROI from digital investment and bring the expertise and experience to leverage the power of automation to support increased efficiency and improved operational performance.

Mitigate risk

Implementing intelligent risk mitigation is essential for the stability of an increasingly digital and physical omnichannel financial services business. As cyberthreats become exponentially more complex and the surface area for attacks continues to grow, businesses need an approach that prioritizes fraud management, third-party risk management and AI governance, as well as complying with regulatory requirements. Accelerating modernization is the most reliable, proven strategic approach to improving cyber resilience and operational integrity while evolving resistance to cyberattacks and data breaches.

Hyperpersonalize CX

Digital success relies on increasing customer satisfaction in an incredibly competitive and fast-paced BFSI landscape. Businesses need hyperpersonalization to increase retention rates, improve product adoption across different offers and to enhance the overall customer lifetime value. As we shift into a more digitally connected future, hyperpersonalized experiences are fundamental to meeting customer expectations.

Payments and lending — accelerating digital success

Connected and digital-driven banking processes require new capabilities and continuous modernization.

Businesses face significant challenges related to managing legacy systems, the cost of maintenance, growing security and cyberrisks and keeping pace with evolving regulations.

To overcome these and other hurdles, successful BFSI organizations are adopting a self-funding approach using cost-takeout strategies that support a balanced investment agenda. To bootstrap innovation with incremental improvements and experimentation, they are embracing "small-T" initiatives — small transformations with a budget of less than $3 million and a completion timeline of 3–6 months.

Strategic investments in systems integration and consulting services across core and surrounding systems are crucial to modernization. So is embedding AI into banking and financial services.

To lead and drive sustainable change across payments and lending, BFSI businesses must improve process efficiency, for example by automation, while processing data more efficiently to provide predictive insights into trends and behaviors.

By adopting more agile, interoperable tools and digital infrastructure, they can streamline operations, speed up service delivery and quickly address key challenges, connecting and integrating business processes.

Meet changing client expectations

Innovations like **open banking provide huge opportunities for growth**, if banks are ready for them. To benefit, organizations must have secure data-sharing protocols in place and leverage secure APIs.

AI and machine learning (ML) make payments more secure by analyzing transactions in real time, using adaptive learning to identify fraud, and proactively preventing threats through large-scale predictive analytics.

Cross-border payments, mobile wallets and peer-to-peer payments and lending are redefining what digital success means from a CX perspective.

The rise of flexible, real-time payments presents an opportunity to deliver hyperpersonalized and omnichannel CX to deepen relationships with customers, deliver more authentic experiences and foster customer loyalty.

Advanced CX design and mapping enable BFSIs to create smoother payment experiences across all customer touchpoints, whether online or in person. AI chatbots offer immediate support, quick query resolution and improved service levels by, for example, providing personalized financial advice and credit scoring.

Enhance CX with automation

There are more opportunities to use CX automation to simplify digital processes and free up staff to handle more complex interactions. All these improvements highlight the need for a cohesive strategy to manage CX throughout the entire customer journey.

Enterprise modernization challenges and opportunities

Banks and financial services are speeding up their changes to stay ahead in a dynamic landscape, from simplifying tech and operations to adopting payment-as-a-service models. For instance, a bank might use AI chatbots to provide instant customer support, or a financial advisor could use data analytics to offer personalized investment advice on the go.

Adapt to a rapidly changing environment

- Macroeconomic factors
- Consumer behavior and expectations
- Advisor needs
- Employee needs and expectations
- Legal requirements

Keep up with increasingly complex financial models

- Advanced tools
- Modern capabilities
- Faster access to data
- Flexible transaction and trading platforms
- Intelligent data analysis

The BFSI industry is exploring multiple paths to modernization

As BFSIs explore hybrid trust models, alternative asset classes, or work toward shrinking settlement cycles, they need the tools to make this happen. A single lending platform and the data tools for intelligent loan origination are key.

Modernization is needed to build new capabilities such as predictive credit exposure insights for asset management, counterparty risks, trade surveillance and market abuse prevention. The question is how.

BFSI organizations are partnering with fintechs to access innovation rapidly, create user-friendly interfaces and experiences, integrate advanced technology into processes and automate compliance.

At the same time, BFSI organizations can chart their own modernization path at scale and speed by shifting to the cloud, transforming core functions and adopting smart, data-driven banking.

Choose the right path to modernize your organization

No matter the path chosen, the business must ensure that rapid modernization boosts resilience and compliance. This means harmonizing data, transforming legacy systems and adapting to emerging AI and technology to support innovative lending and transaction strategies, as well as other forward-looking approaches for digital success.

Cyber resilience, security and compliance are key to accelerated digital success

Risk management, cyber resilience, security and regulatory alignment have all become key priorities for BFSI executives. More than 40% of BFSI executives say that creating or adjusting a risk management approach will be a priority over the next two years.*

Businesses must overcome multiple challenges to thrive in a changing regulatory and security landscape. As unpredictability becomes a constant across markets, executives are shoring up their defenses to prepare for turbulence to come.

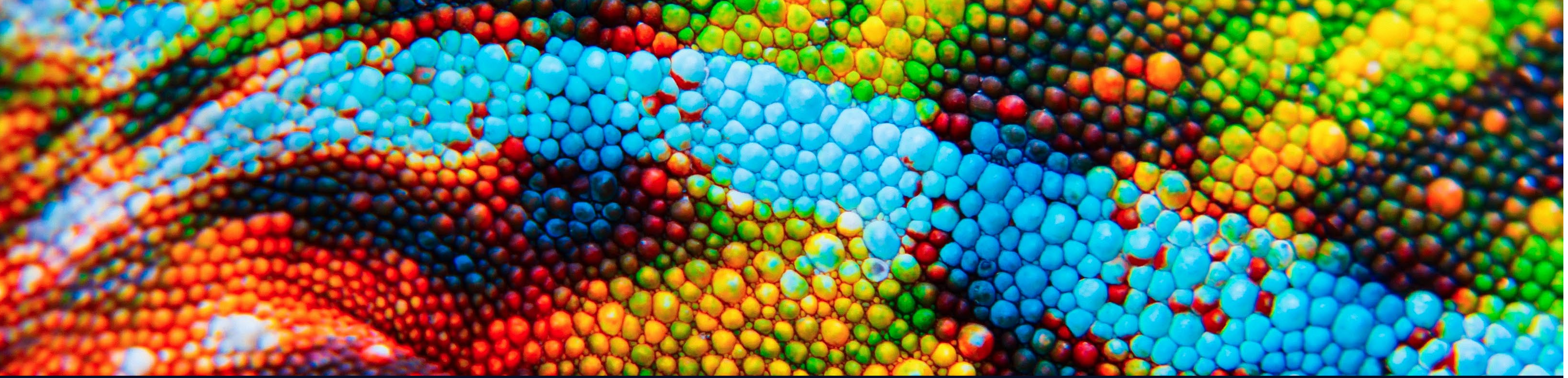
More complex regulatory requirements have increased the administrative burden on businesses while significantly increasing the potential risk of fines or penalties for noncompliance.

Data privacy laws and regulations are racing to keep pace with technological change, as new tools and apps create security gaps and potential vulnerabilities that need to be rapidly identified and remediated.

Customers want to bank with reliable and safe organizations that pride themselves on leading in security and regulatory compliance. This makes it critical that BFSIs shift to more intelligent, automated and always-on risk control and security processes.

Ever more sophisticated cyberthreats, financial crimes and fraud operations mean businesses must strengthen detection and response capabilities to protect critical operations while adopting regtech to automate and facilitate service delivery.

* Global risk management survey, 10th edition, Deloitte



Determining and mitigating risks

To align financial risk tolerance with business goals and priorities, business leaders must shift to real-time and predictive risk assessment workflows and automate core risk processes to improve accuracy and speed.

BFSI businesses must use new technology and tools like AI to actively and continuously monitor risks, staying a step ahead of emerging threats and rapidly changing regulations.

The vast number of new risks emerging across technologies means that automated compliance is now critical for remaining resilient. Businesses must be proactive by adopting dynamic risk policy management, which allows for quicker and more flexible responses to emerging threats.

Tightening security with technology

Zero trust architectures play a key role because they allow businesses to continuously verify access, reduce the potential attack surface and better align with strict regulatory standards. They do this by providing strong security controls and detailed audit trails.

AI-enabled security and testing models can help BFSI organizations prepare more robust incident response strategies, significantly reducing the potential for security breaches.

AI offers significant benefits for stronger, future-proof cyber resilience. It can analyze large amounts of data in real time to proactively spot anomalies that might indicate threats, and it can adapt security measures to quickly address and remediate those threats.

Supporting resilience through technology

- Regulatory technology solutions help streamline compliance processes.
- Automated compliance can proactively monitor transactions for suspicious activities.
- An embedded risk approach prioritizes anti-money laundering (AML) and know your customer (KYC) regulations.
- Biometric security measures (multifactor authentication) support increased transaction security.
- Dynamic risk policy management provides greater adaptability to changing circumstances.
- Zero trust architectures enhance efficiency, increase security posture and prevent sophisticated attacks.
- AI-enabled security and testing models support real-time threat detection and remediation.

Case study

Modernizing legacy applications to meet real-time money movement demands

To support its progress toward enhanced digital success, one of Europe's largest payment processors turned to NTT DATA to modernize payment systems.

With legacy payment applications that were unable to handle rapidly increasing transaction volumes, the company needed to transform its IT infrastructure to meet growing demands, reduce costs and comply with faster payment services in the U.K.

We took over the support of the company's legacy payment platform to modernize the core processing platform with new technology that provides real-time money movement capabilities.

We delivered digital success outcomes including:

- Reduced cost of maintaining legacy applications by 25%
- Implemented automated tools to increase productivity by 50%
- Ensured 100% SLA compliance for the maintenance of heritage applications

Lending modernization challenges and opportunities for banking and financial services

Lending modernization is an ongoing process that involves integrating different technologies to meet evolving market and regulatory requirements, and CX expectations in both consumer and commercial lending.

In terms of challenges and opportunities, digital lending platforms offer faster loan processing and improved CX. Alternative credit scoring models use alternative data sources — such as rent payments, utility bills and social media activity — to increase accuracy in assessing creditworthiness.

Smart contracts, enabled by blockchain technology, provide transparency and efficiency in lending transactions. Peer-to-peer lending platforms facilitate digital-first loan originations. Mobile lending allows customers to apply online and upload documents on the go, similar to the convenience direct banks offer.

Additionally, embedded finance enables the integration of nonfinancial products and services, such as buy-now, pay-later options. By embracing these challenges and opportunities, lenders can fast-track lending process modernization. Doing so delivers enhanced services and experiences to their customers.

How can business and technology solutions expedite digital success?

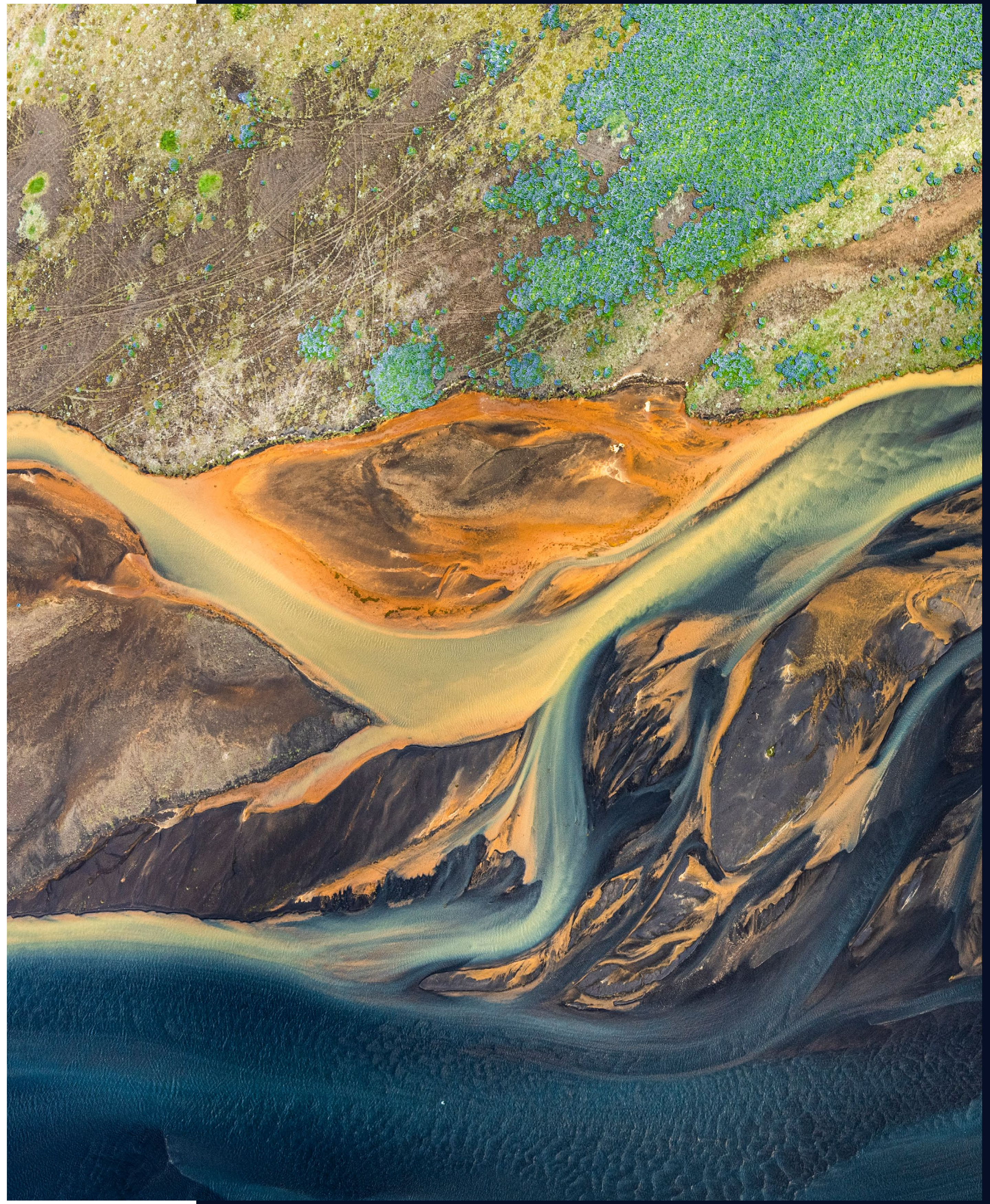
The prominence of data, the adoption of AI and ML, the continued race toward cloud integration and the prioritization of risk management highlight the need to fast-track modernization. Technology enablers like cloud and edge computing, IoT and advanced data analytics are creating new opportunities for businesses to innovate and diversify their offers.

CX enablers are increasing the pace of change with everything from omnichannel platforms to personalization engines and real-time feedback systems, creating a greater sense of expectation and need for more digitally driven, hyperpersonalized experiences.

New green IT solutions, the rise of sustainable finance products and a greater need for smart energy consumption mean that businesses need the digital capabilities to rapidly adapt to multiple new requirements and improve stakeholder trust.

All of these enablers are intricately linked as BFSI businesses look toward a future that is more digitally driven and connected than ever before.

AI, data and analytics: driving rapid digital growth, customer centricity and success



For digital success, BFSI businesses must adopt technologies and implement processes that provide a comprehensive 360 view of their customers. This involves using data to gain insights and drive informed analysis.

Keep pace with customer expectations

An accelerated modernization strategy keeps business moving at the speed of today's banking customers, who expect personalized interactions from banking and wealth-management firms.

For instance, a customer who has recently signed up for a credit card with ACME Bank after receiving an offer expects not to hear about that offer again. Using data insights to maintain a 360 view of customers enables businesses to avoid siloed or inaccurate data with the knock-on effect that communication and relationships are improved through more personal, authentic engagements.

This requires the frontend and backend to operate in harmony with the wider business, providing immediate access to relevant data.

Build personal relationships with customers

BFSI businesses that use "good" customer data, AI and automation for personalized customer interactions can drive their digital success through more intelligent, connected customer journeys throughout the entire lifecycle.

AI and its ability to automate repetitive tasks is a huge enabler to foster more personal relationships. This empowers businesses to increase efficiency and reduce operational costs while creating opportunities to reassign human staff to meet changing customer service needs.

A bank's true power to differentiate itself from competitors comes from its wealth of customer data. With it, the bank can target its customers with greater accuracy and impact.

Through enhanced use of AI, data and analytics, BFSI businesses can create continuous, transformative benefits and:

- Improve process efficiency through intelligent automation and AI
- Enhance data use to support more personal, relevant CX
- Reduce operational friction through robotic process automation (RPA) and intelligent document processing (IDP) optimization to increase accuracy
- Resolve challenges faster by using AI and ML to identify and overcome threats and operational issues
- Streamline operations by shifting to the cloud for more connected, flexible operations
- Rapidly adopt or use technology to stay ahead of change and continually accelerate modernization

All of these help drive and underpin wider digital success to empower:

- Reduced costs
- Increased agility
- Faster speed to market
- Improved system reliability
- Greater assurance

Case study

Harmonized data environment powers decision-making to support increased digital success

To drive its organization-wide overhaul of existing legacy applications used to analyze high-value data, a multinational financial services company turned to NTT DATA to help support increased digital success.

Our data and AI team helped rebuild a portfolio of highly relevant, data-driven applications to provide tools the business leaders and sales professionals needed to speed up and improve decision-making.

We developed and deployed a successful, unified data strategy that made data more usable, immediately accessible and shareable across every level of the organization.

By ensuring that business-critical applications are supported by an enriched and harmonized data environment, we fast-tracked modernization efforts to lead the change that will underpin future digital success.

We delivered digital success outcomes including:

- A 75% reduction in the legal team's manual workload
- More digitally driven, data-informed sales and marketing operations
- More empowered, informed executive decision-making through data insights

New solutions help BFSI organizations to fast-track success, support modernization and maximize ROI

Organizations must go beyond digital transformation, cloud integration and technology adoption to achieve more essential business outcomes, faster product launches, improved CX across every channel and better the use of energy and resources.

New solutions achieve these outcomes faster than ever, enabling them to build the processes, skills and competencies — along with new toolsets and capabilities — to ensure they can continually adapt, evolve and move faster to address market change.

All of this helps them be more adaptive and responsive to market and customer changes, while also creating new kinds of rapid, sustainable and continuous advantages.

They need to shift to transforming core banking systems and applications, cybercapabilities, and network, edge, cloud and data centers to achieve digital success everywhere.

Case study

Transforming commercial lending to drive increased digital success for a top 4 U.S. bank

To address critical regulatory, operational and data challenges while driving increased modernization, a top 4-U.S. bank approached us to enable digital change.

We worked closely with the bank to choose a right-fit commercial lending accounting platform that was digitally driven, relevant and modern.

Our team implemented a proven transformation execution framework, including project structures, tools, templates and governance routines for digital success and increasing customer engagement.

We delivered digital success outcomes, including:

- Accelerated ramp-up of project structures
- Established lasting governance structures and routines for streamlined stakeholder communications
- Reduced employee impact due to change
- Provided comprehensive, actionable requirements for future conversions
- Replicated our vendor scorecard approach with other critical vendors

Empowering financial services to speed up transformation.

Keeping financial services ahead of change.

As your digital success partner, we offer comprehensive support from advisory and financial service innovation, core banking system and application transformation, cybersecurity and workplace solutions, to network, edge, cloud and data centers.

We drive:

Cyber resilience, security and compliance

With intelligent, automated and always-on risk control and security, we offer predictive risk assessment, automated processes, continuous monitoring, automated compliance, dynamic risk policy management, zero trust architectures and AI-enabled security and testing.

Embedded sustainability

We can manage your complete environmental, social and governance (ESG) estate, from reporting, full sustainable IT lifecycle management, green data centers, ethical AI frameworks and sustainable infrastructure design to robust carbon monitoring.

Hyperpersonalized and omnichannel CX

We are experts in advanced CX mapping and design, CX automation, AI chatbot integration and intelligent omnichannel delivery.

Continuous innovation

We use new and emerging technology like AI to innovate and BFSI-relevant use cases to keep businesses ahead of change. We offer support across GenAI adoption frameworks, GenAI-powered financial service assets, predictive AI analytics, AI-enabled CX, predictive resolution and AI-enhanced risk management and compliance.

We back these outcomes with our ability to speed up digital success through infrastructure modernization, automated infrastructure, hybrid cloud capabilities and composable architectures.

Through our scalable managed services and intelligent best-practice integration, we support more focused and comprehensive transformation across your organization, fostering a culture of continuous change and resilience.

Let’s talk

At NTT DATA we understand the need for BFSI businesses to fast-track modernization and use it to support accelerated digital success.

Become more secure and resilient with intelligent, automated risk control and security and modernize infrastructure to future-proof your business. We help you accelerate AI adoption to deliver continued, transformative benefits.

We support your digital success. We already serve 320+ customers worldwide through our proven banking and financial services solutions and bring access to 185 delivery centers across 28 countries and regions.

8 of the top 15 global banks by assets under management (AUM) have selected NTT DATA as their partner of choice. No other partner can match our full-stack, end-to-end capabilities for seamless, adaptive change.

Our complete technology partnership ecosystem brings further strength and depth of capabilities to ensure you’re always at the cutting edge of change.

Speak to us today about how we can help your business thrive.

Explore our services

NTT DATA