

# Forrester Infographic: The State Of Digital Transformation In Financial Services, 2020

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February 18, 2020

## Why Read This Report

Financial services firms are still struggling to create and execute a coherent digital transformation strategy. Customer experience and revenue growth remain the top drivers for transformation, yet technology leaders in charge of transformation are prioritizing tech and process investments over sales or marketing. They also underestimate organizational and cultural challenges to digital transformation. To achieve business objectives, financial services firms will need to flex their org structures and develop new skills — not only build a better tech foundation.

## FORRESTER INFOGRAPHIC

# The state of digital transformation in financial services, 2020

Digital transformation (DT) is a journey, not a destination, and customer experience (CX) has been the top driver of that transformation in financial services (FS) since 2017. While cloud dominates technology investments in FS, the industry has yet to address organizational challenges related to new processes and skills.

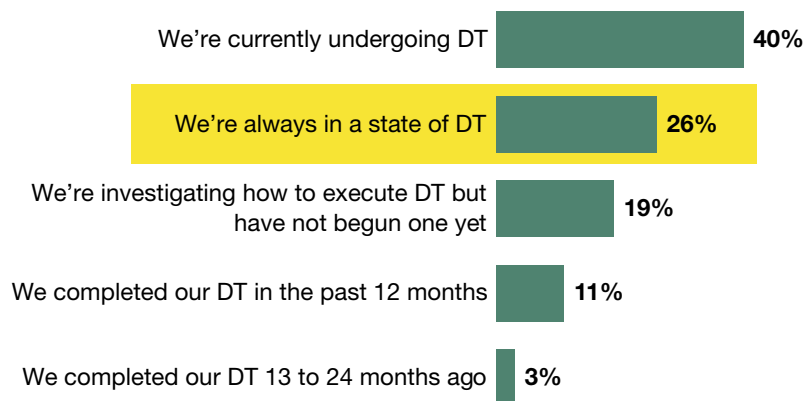
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## Financial services firms are in the throes of digital transformation

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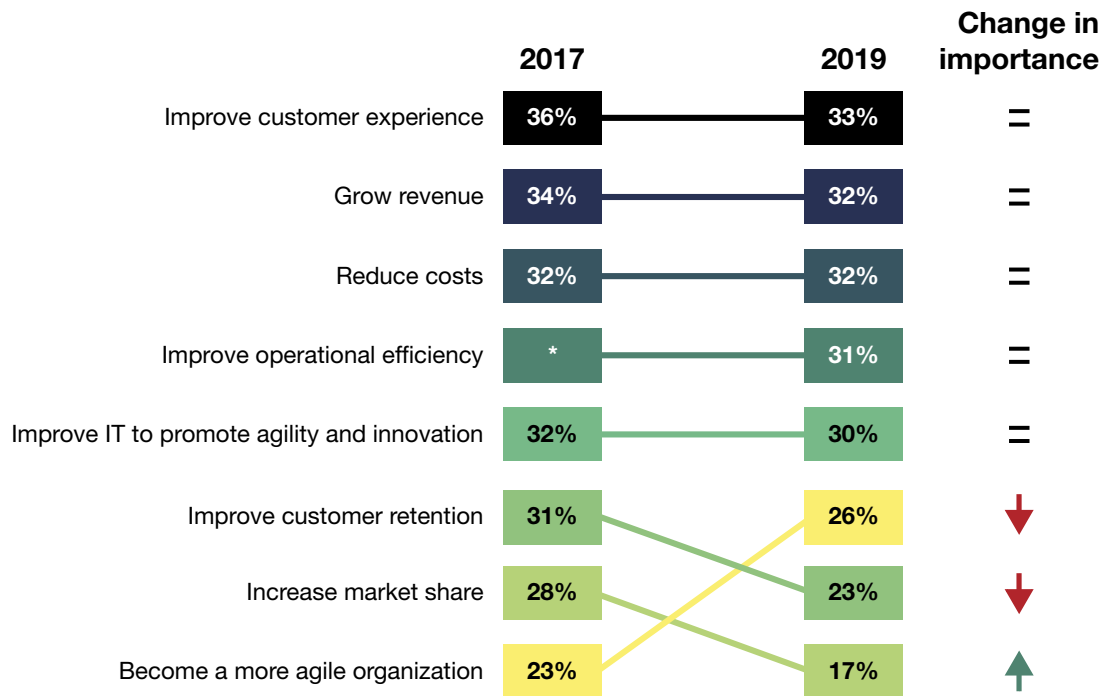
26% acknowledge that transformation is never-ending, 19% are still considering what to do, and 14% mistakenly think they're done.<sup>1</sup>

**“Which of the following best describes your firm’s digital transformation status?”**



## FS firms are prioritizing business drivers such as CX and revenue growth

“Which of the following objectives were the key drivers of your firm’s most recent digital transformation?”<sup>2</sup>

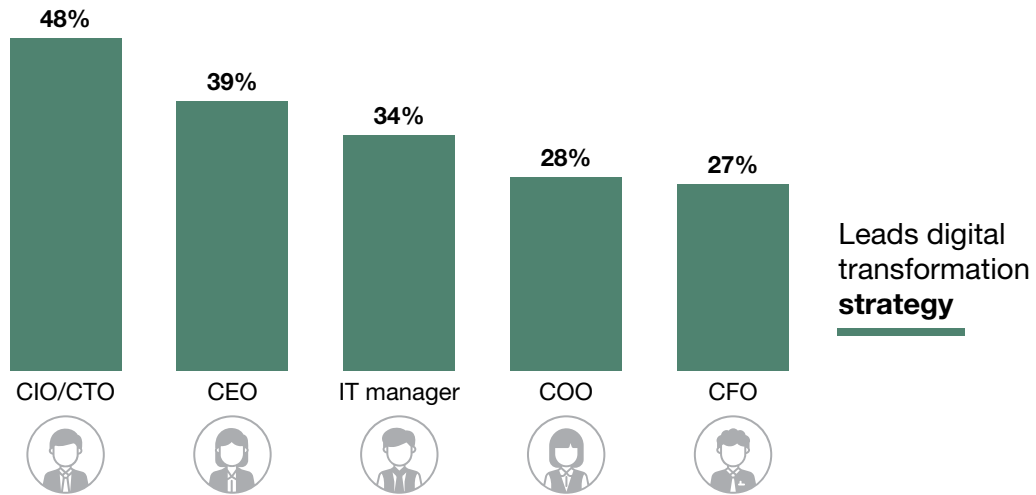


\*We did not ask about this category in 2017.

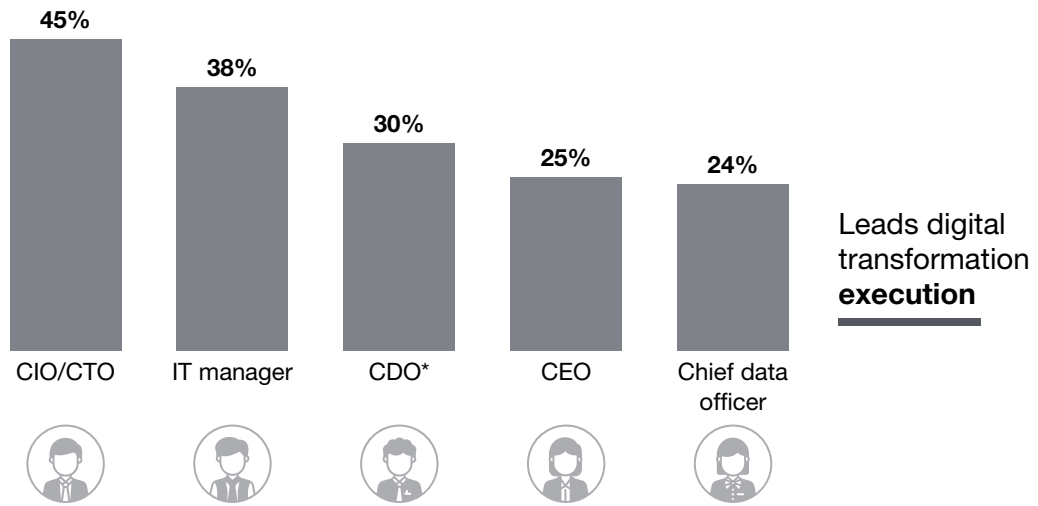
## CIOs and CTOs lead transformation, but CEOs have an outsized role

Financial services firms rely on CIOs' and CTOs' technology expertise and enterprise visibility to manage digital transformation.

**“Who will be/is responsible for leading the strategy and execution of your firm’s digital transformation?”<sup>3</sup>**



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\*Chief digital officer or other digital leader

## FS firms lag behind all other industries on sales and marketing transformation

CX and revenue growth are the main drivers for the industry's transformation, but tech leadership is prioritizing IT processes.

**“Which business processes are the focus of your firm's digital transformation?”<sup>4</sup>**

	Financial services	All other industries
IT	58%	56%
Financial	44%	25%
Customer service	38%	37%
Product design and development or engineering	26%	29%
Compliance, regulatory, or legal	24%	25%
Business partner, reseller, or distributor support	21%	25%
Sales	20%	26%
Marketing	19%	28%
Supply chain	19%	30%
Inventory management and distribution	16%	25%
Field service	15%	18%
Manufacturing	14%	25%

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## Digital transformation absorbs one-quarter of FS firms' total IT budget

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Spending on digital transformation as a percentage of the total IT budget has decreased by three percentage points since 2017.



**29%**

Financial services decision makers said their firms devoted, on average, more than one quarter of their IT budget to digital transformation efforts in 2017.<sup>5</sup>



**26%**

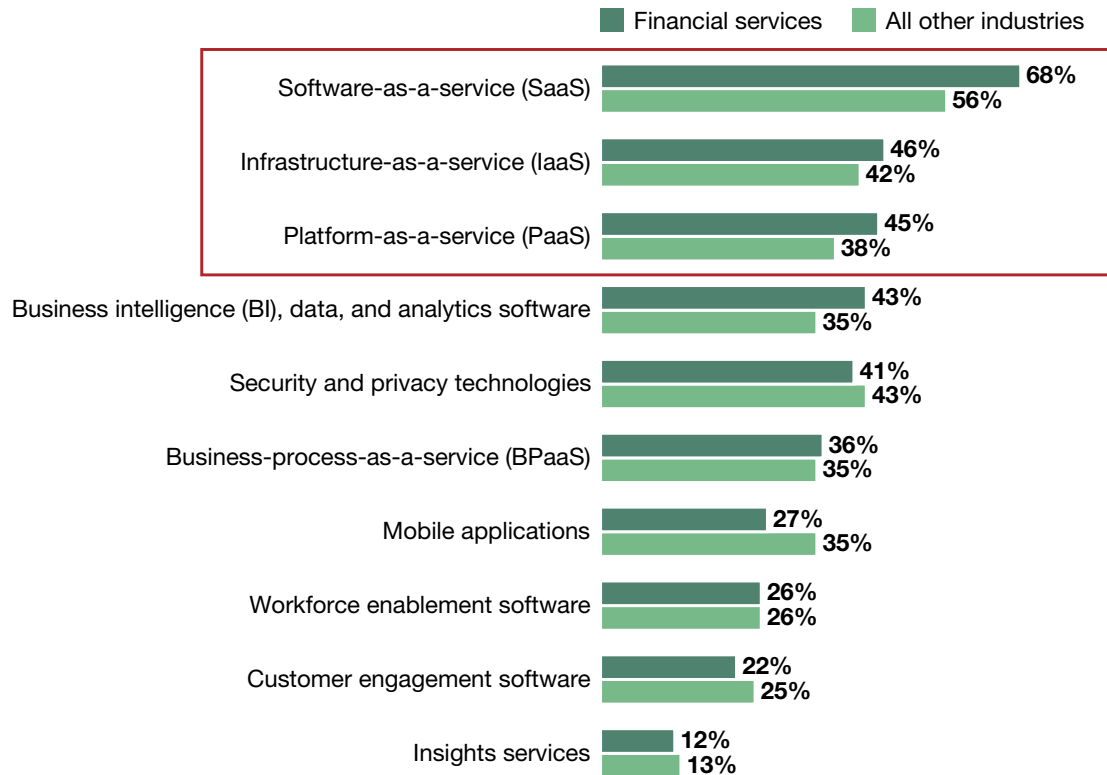
When we asked again in 2019, this average decreased by three percentage points.<sup>6</sup>



## Financial services are investing heavily in SaaS, IaaS, and/or PaaS

In addition to cost reduction, cloud will also bring flexibility and agility that firms need to become digital businesses.

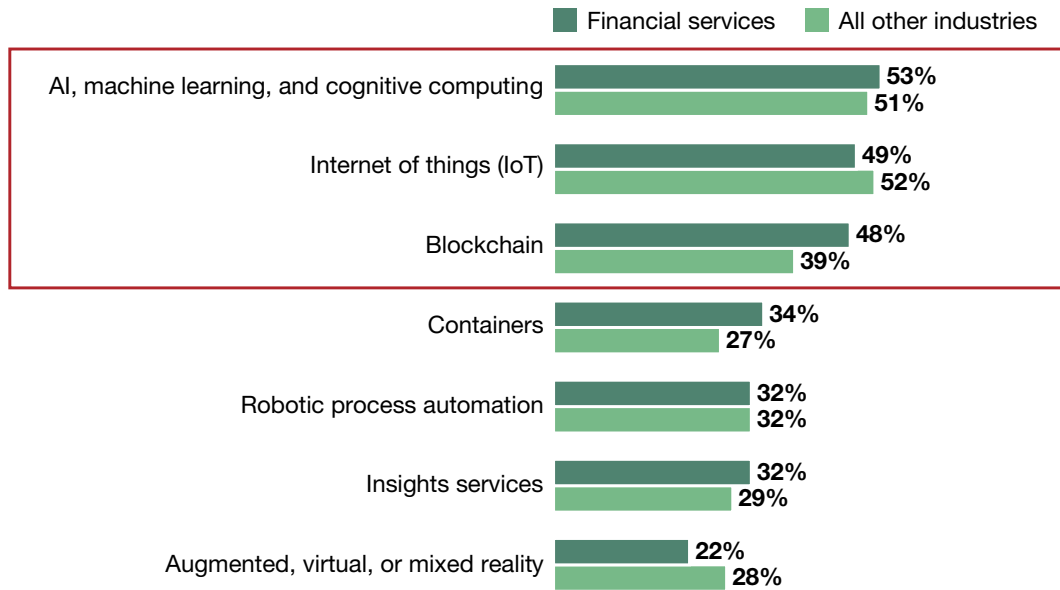
**“In which of the following technologies is your firm investing in as part of its digital transformation?”<sup>7</sup>**



## Financial services firms are investing in emerging technologies

AI has huge potential in financial services, and firms are investing heavily. IoT and blockchain have potential, but maturity is low.

**“In which of the following emerging technologies is your firm investing in as part of its digital transformation?”<sup>8</sup>**



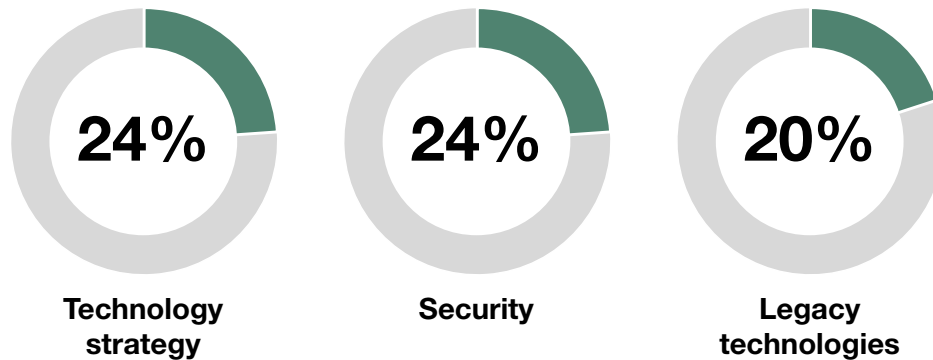
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## FS firms underestimate organizational challenges to digital transformation

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To deliver better CX and grow revenue, firms will need new skills and adaptable org structures — not just better technology.

“Which of the following areas are the greatest challenges within your organization for executing its digital transformation?”<sup>9</sup>



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## Notes and sources

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Unless otherwise noted, all data comes from the Forrester Analytics Global Business Technographics® Business And Technology Services Survey, 2019.

- <sup>1</sup> Base: 210 global services decision makers at financial services firms
- <sup>2</sup> Base: 194 (2019) and 195 (2017) global services decision makers at financial services firms who are involved in their company's digital transformation  
Source: Forrester Analytics Global Business Technographics Business And Technology Services Surveys, 2019 and 2017
- <sup>3</sup> Base: 194 global services decision makers at financial services firms who are involved in their company's digital transformation
- <sup>4</sup> Base: 194 (financial services) and 2,263 (all other industries) services decision makers who are involved in their company's digital transformation
- <sup>5</sup> Base: 182 services technology decision makers at financial services firms who are involved in their company's digital transformation  
Source: Forrester Analytics Global Business Technographics Business And Technology Services Survey, 2017
- <sup>6</sup> Base: 40 services decision makers at financial services firms at the director or VP level or who report to the CIO
- <sup>7</sup> Base: 194 (financial services) and 2,263 (all other industries) services decision makers who are involved in their company's digital transformation
- <sup>8</sup> Base: 194 (financial services) and 2,263 (all other industries) services decision makers who are involved in their company's digital transformation
- <sup>9</sup> Base: 194 services decision makers at financial services firms who are involved in their company's digital transformation

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## Supplemental Material

### Survey Methodology

The Forrester Analytics Global Business Technographics® Business And Technology Services Survey, 2019, was fielded from July to September of 2019. This online survey included 2,678 respondents in Australia, Canada, China, France, Germany, India, the UK, and the US from companies with 500 or more employees.

Forrester Analytics' Business Technographics ensures that the final survey population contains only those with significant involvement in the planning, funding, and purchasing of business and technology products and services. Dynata fielded this survey on behalf of Forrester. Survey respondent incentives include points redeemable for gift certificates.

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