

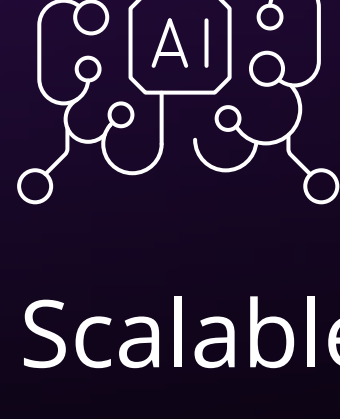
Digital Transformation in Financial Services

Overview

Consumers have come to expect their digital financial solutions to be ever faster and convenient, while also expecting increased security. By **2026**, spending on global transformation is set to reach **\$3.4 trillion**, 254% growth from the **\$960 billion** in 2017. In light of a widely-predicted economic downturn however many financial institutions may regard such investment as too costly in an uncertain business environment.

A worthwhile return-on-investment on digital transformation projects however would suggest that it nevertheless advisable to push ahead with such strategies. Boston Consulting Group reports successful digital transformation for banks can generate cost reductions of **15% to 20%**, while leading to **20% to 40%** improvements in efficiency and error rate reduction.

Digital Transformation Key Drivers



Scalable Infrastructure

The infrastructure model of AI should be bolstered through implementation of AI, analytics and automation in order to set up systems capable of healing and configuring themselves.



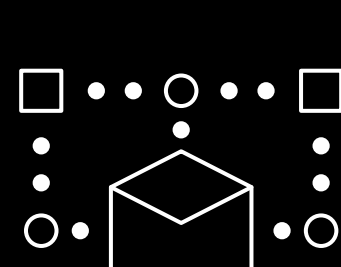
Intelligent

To further personalization of offerings, banks can utilize data collected by AI/ML algorithms and to determine predictions of user actions and offer appropriate recommendations accordingly.



Composable Platforms

Taking advantage of a software-based framework that brings together network resources, disaggregated computing power and storage as a combined service, composable platforms. This adaptability helps scale digital transformation through dynamic allocation of resources in alignment with demands.



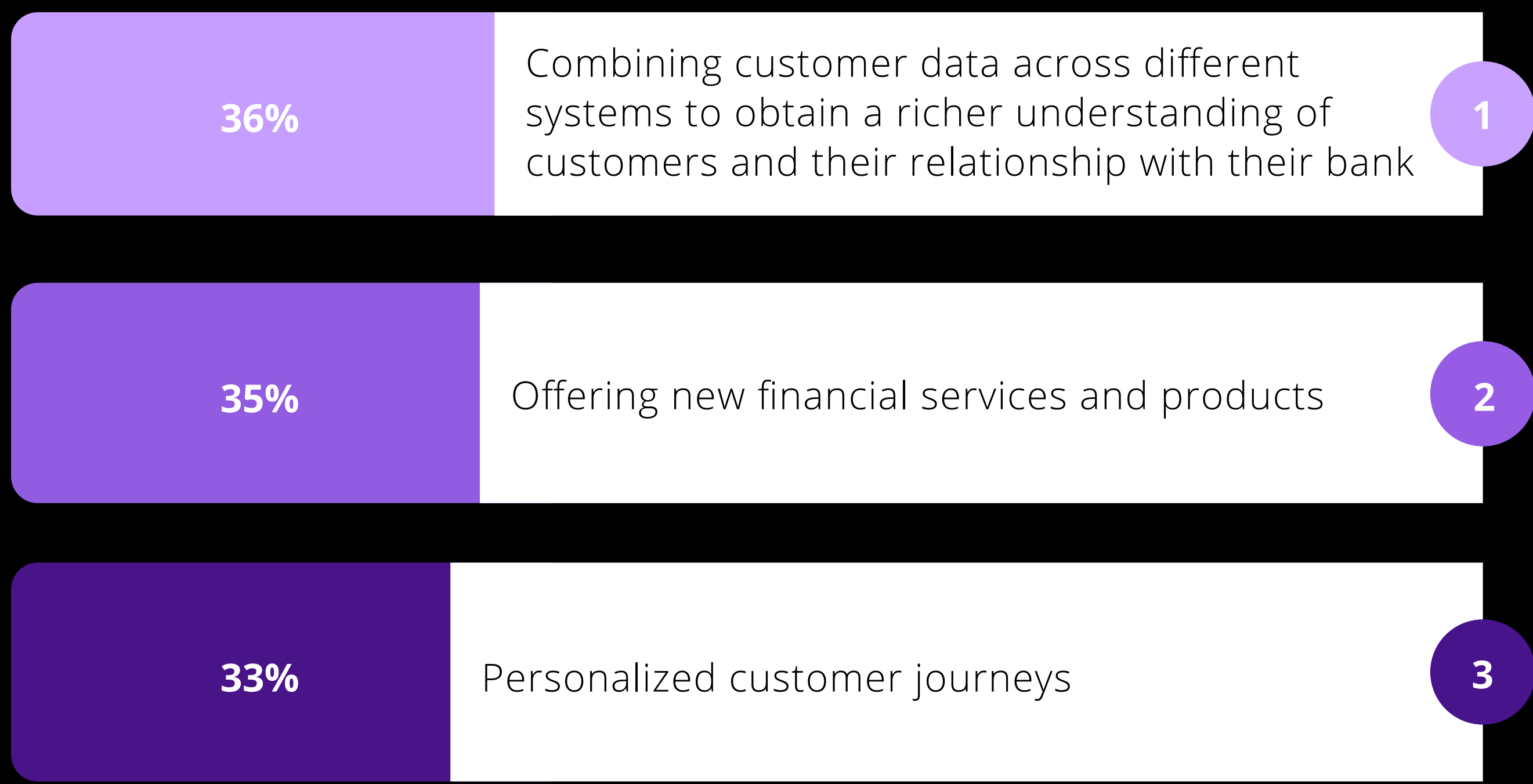
Compliance-By-Design Architecture

Financial institutions will need compliance-by-design approaches in order to manage processes such as regulatory reporting, financial transactions and customer engagements.

Digital Transformation Priorities

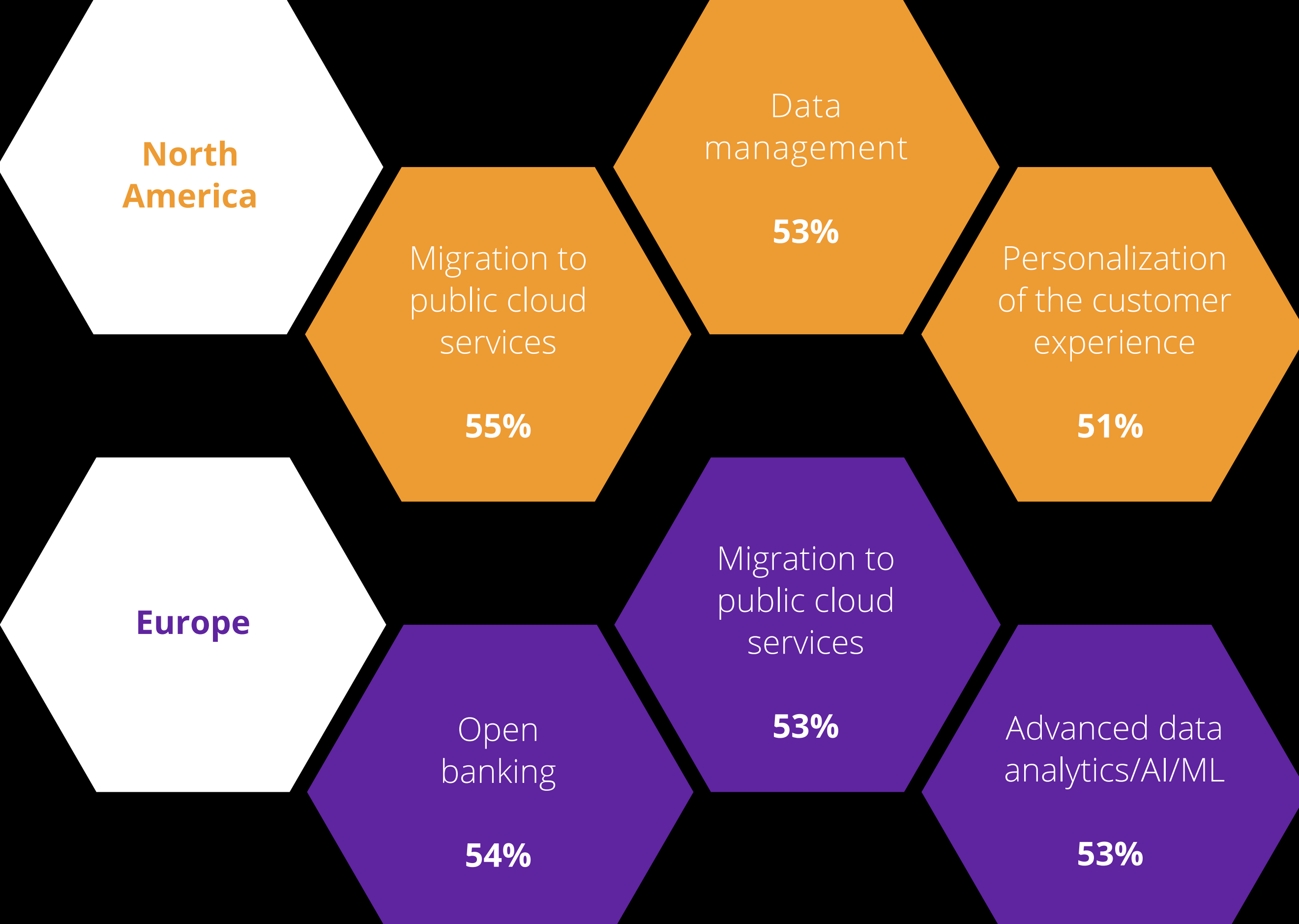
While financial institutions across the globe are trending in a similar direction, there are nevertheless differences in the priorities of banking institutions. A 2022 Publicis Sapient global report found integrated customer data and new offerings to be the most important priorities:

Top Digital Transformation Goals Worldwide



Furthermore, a Celent report covering North America and Europe found that cloud migration was an important topic in both regions, with the topic ranking as the most important priority in North America and the second-most in Europe.

Top Technology Priorities: North America and Europe



Digital Transformation in Finance: Challenges

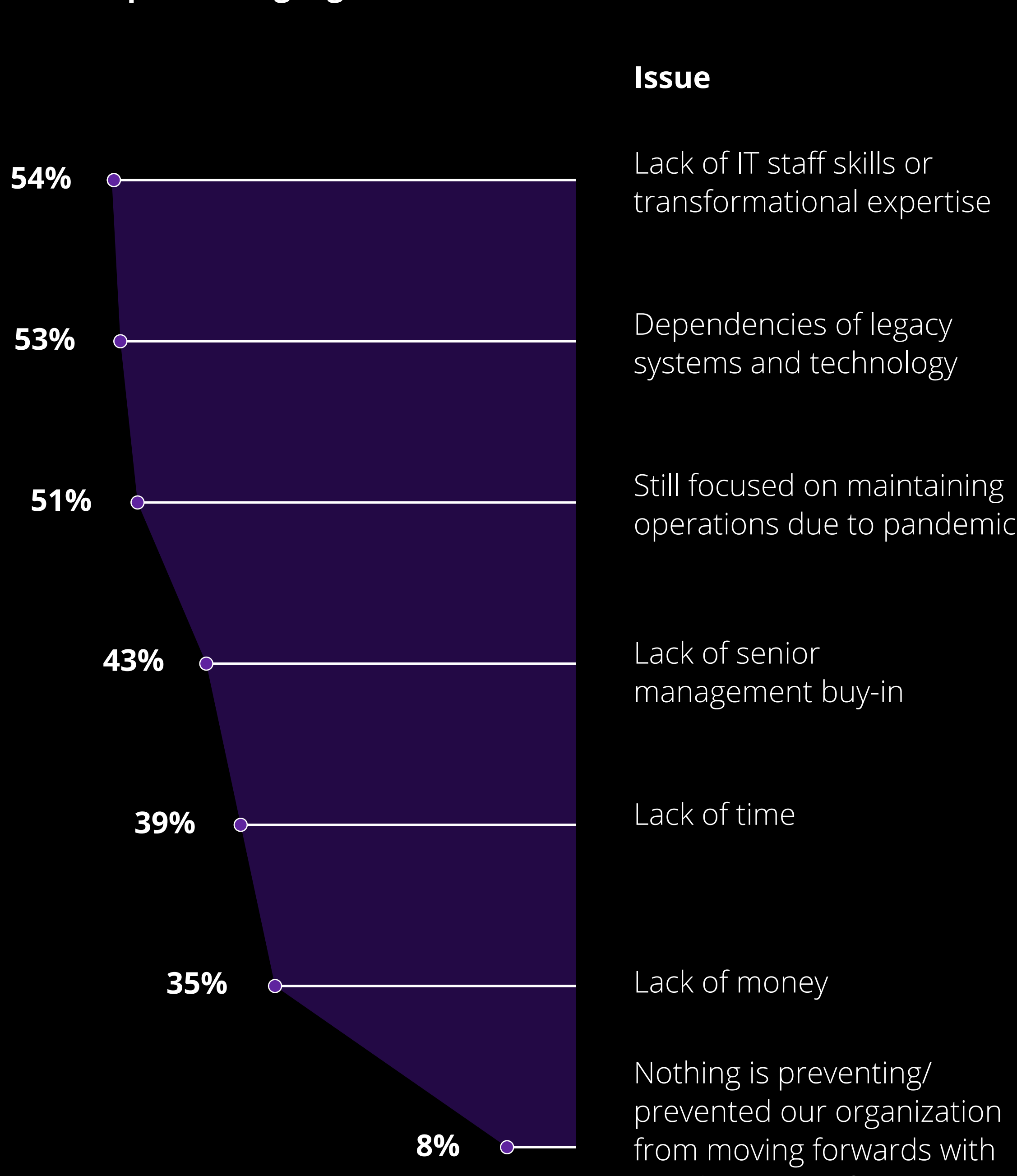
Digital transformation projects are not without challenges. Applications with heavy legacy dependence can often prove to be a stumbling block, while **70%** of digital transformation policies are unsuccessful due to pushback from employees and inadequate support from management.

54% of IT decision makers revealed that a lack of skills and transformational expertise represented an impediment to them succeeding in their development goals. **53%** cited dependency on legacy systems and technology and **51%** worried about ongoing focus on maintaining operations due to the pandemic.

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Factors preventing digital transformation worldwide



Furthermore, among bank executives, worries regarding the ability to attract qualified talent over recent years have fluctuated.

In 2020 and 2021, **27%** and **19%** of executives respectively had this concern. In 2022 this had ballooned to **67%**.

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