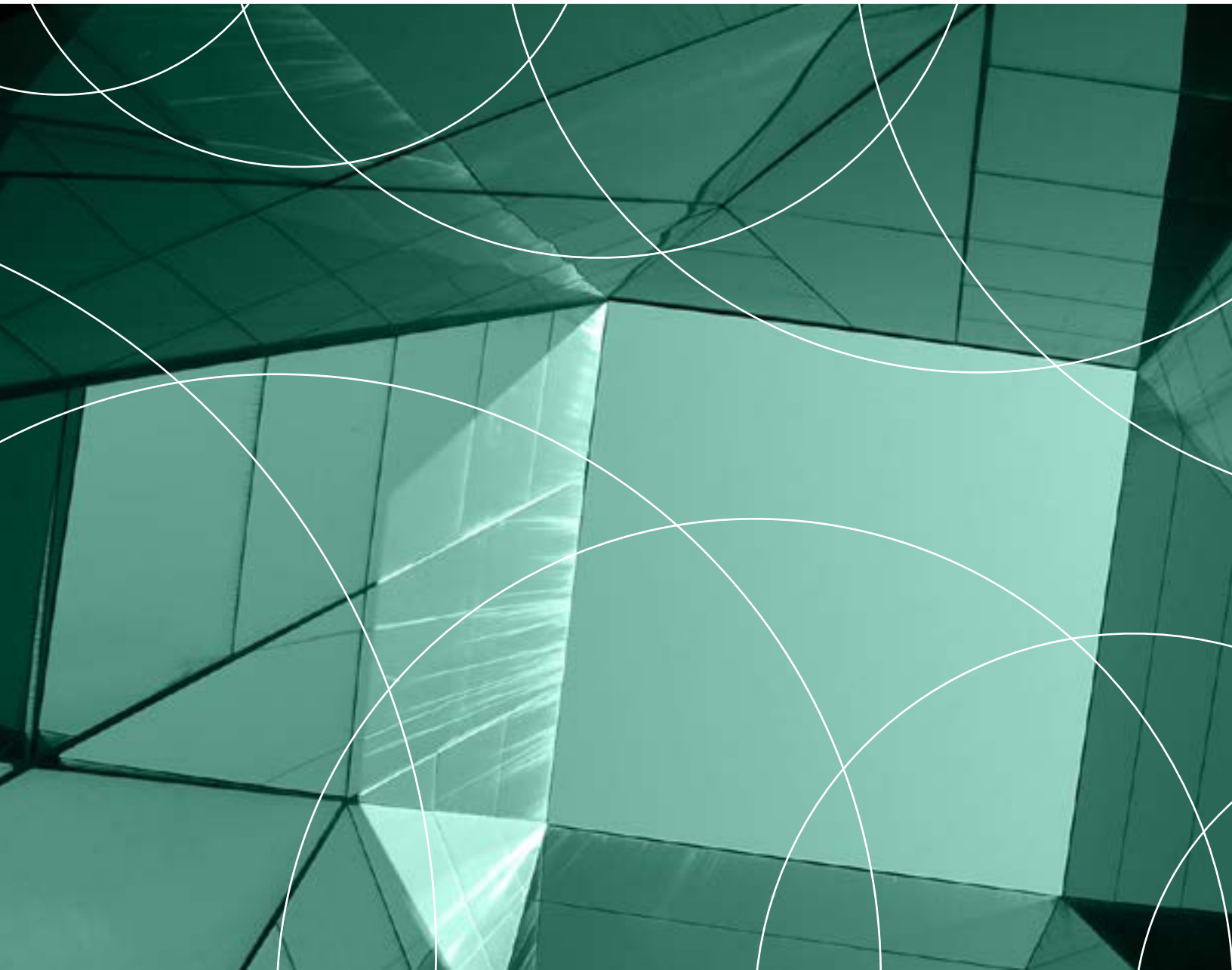


Reimagine Growth With A Platform-Centric Digital Strategy: A Spotlight On Banking And Financial Services

Banking And Financial Services Results From The February 2024 Thought Leadership Paper, “Reimagine Growth With A Platform-Centric Digital Strategy”

A FORRESTER CONSULTING THOUGHT LEADERSHIP PAPER COMMISSIONED BY EDGEVERVE, FEBRUARY 2024



Executive Summary

Digital transformation has become an essential lifeline for organizations in the banking and financial services (BFS) industry determined to safeguard their growth, relevance, and innovation in an environment of constant flux. To truly thrive in this digital age, BFS firms must embrace cutting-edge technologies like AI, automation, and digital operating models, while ensuring that their internal processes and strategies foster resilience and align with evolving customer needs.

Despite concerted efforts, many financial institutions still struggle to drive meaningful change through their current digital transformation initiatives. Operational inefficiencies, fragmented initiatives, and untapped partner ecosystems hinder their ability to optimize existing capabilities and fully realize the potential of digital transformation in achieving business outcomes. A transformative approach centered on a platform-driven digital strategy to foster connectivity and visibility across business and IT ecosystems thus holds the key to unlocking efficiencies and unleashing untapped human potential for the BFS vertical at scale.

In August 2023, EdgeVerve commissioned Forrester Consulting to conduct a custom study to understand the effectiveness of digital transformation initiatives today, and the extent that firms have embraced a platform-based strategy to drive the needed connectivity and efficiency for profitability and growth. Forrester conducted an online survey with 104 respondents and qualitative interviews with business and IT decision-makers from BFS firms who are responsible for their business, IT, supply chain, and process automation strategy to explore this topic.



Key Findings

Success remains elusive despite BFS firms' heavy investments in digital transformation.

Almost half of respondents (49%) indicate that their organization's transformation efforts have not been very successful in achieving desired business outcomes. As change resistance, data issues, and knowledge gaps inhibit digital and AI advancement, BFS firms suffer from diminished customer experience (CX), operational inefficiencies, and poor employee experience (EX) — outcomes they had centered their transformation mandate around.



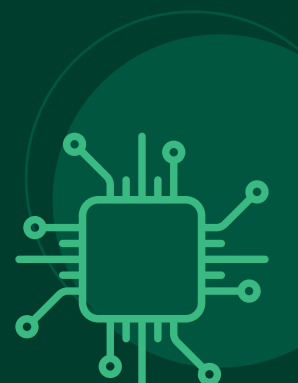
BFS digital leaders leverage digital and AI jointly to unlock growth.

Advanced BFS firms are 2.3 times more likely than their non-advanced peers to have executed active digital transformation initiatives in the past year. These digital leaders are also more adept at leveraging AI for impact — 76% of respondents from advanced firms agree that AI can connect tech stacks for business change vis-à-vis 59% of respondents from non-advanced firms. By harnessing such technologies effectively, digital leaders in BFS are better poised to leverage insights for customer obsession at scale.



A platform-based strategy can accelerate BFS firms' connectivity, digital, and AI roadmap.

BFS firms look to platforms to enrich connectivity: 54% of stakeholders state that they will leverage a platform operating model to connect systems. Platforms are a powerful complement to BFS firms' arsenal as they empower connectivity for unparalleled CX and efficiencies at scale.



Financial Services Firms Leverage Digital To Redefine Customer And Business Value

A seismic shift is underway in how BFS firms must engage their customers and deliver the right experiences via their products and services. Amidst evolving customer needs and the advent of innovation at breakneck speed by both digital-native firms and non-banking financial services firms, safeguarding legacy banks' competitiveness with a focus on digital efficiency and business agility is key.¹

Global BFS firms accelerate digitalization to drive customer value at scale. Digital transformation with customers at the front and center of it remains a core tenet of banks' strategy for long-term growth. Ninety-two percent of surveyed decision-makers from BFS firms ranked CX as a top business priority; close to 3 in 4 (72%) state that they are focusing on offering innovative products and service propositions to customers quickly and effectively.

Forrester's research also shows that better CX in banking and investment generates an exponential growth in business impact. Forrester's Customer Experience Benchmark Survey 2023 deduces that with a 1-point improvement in CX Index score, banks stand to gain US\$115 million in incremental revenue.²

Decision-makers in financial services understand the impact that operationalizing digitization can have on a successful customer experience — 4 in 5 industry respondents (80%) prioritize the improvement of their IT operating model performance. Other key priorities would be to manage changes in the tech landscape (79%) and enhance the use of intelligence and automation in IT and business priorities (76%) (see Figure 1).

BFS firms invest in digital transformation use cases that drive CX, efficiency, and compliance. The key needs for digital transformation revolve around propelling data-driven decisions to service customers better and faster. BFS firms have proactively implemented capabilities that simultaneously process multiple applications to lower process requests, ultimately reducing customer wait time (74%) and offering a complete view

of customers across channels (55%). More than half of surveyed BFS leaders (54%) also highlighted building insights on new products and services that can be taken to market as a customer-centric use case.

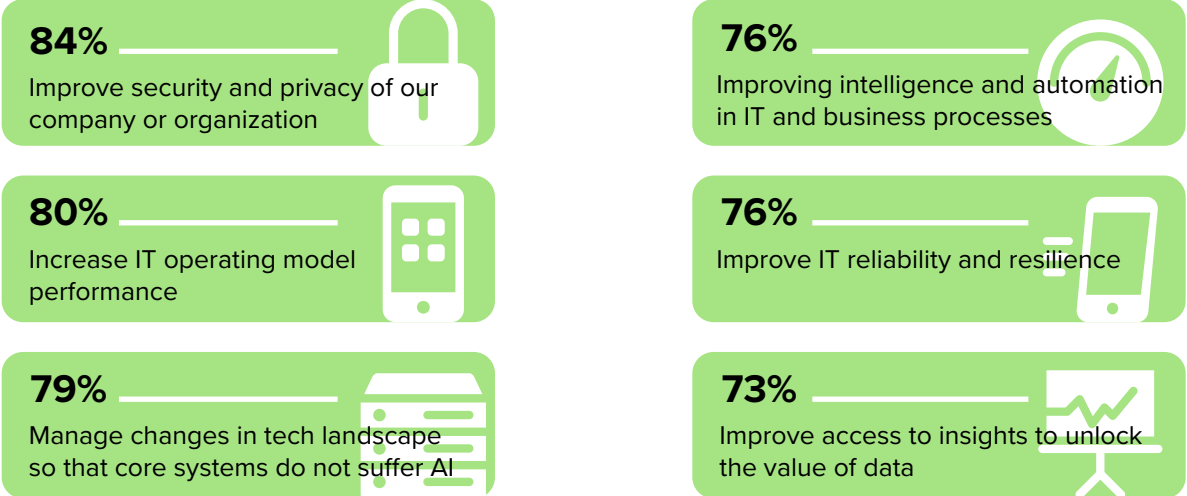
The extraction of operational efficiencies takes the front seat in BFS firms’ digital transformation efforts. The top use case centers around driving seamless operations through straight-through-processing (74%). Such efforts are especially powerful when they penetrate otherwise manual and time-consuming workflows — 54% of respondents shared that they have benefited from accelerated loan processing. This was done by enabling document discovery across the loan application database to find and extract only necessary documents. More than half of decision-makers (55%) also stated that they have either implemented or are expanding on AI-driven digital platforms to uplift employee productivity.



74% of BFS firms look to bring process efficiencies that ultimately drive quicker and better CX.

FIGURE 1

Top 6 Digital Transformation Priorities For BFS Firms Over The Next 12 Months

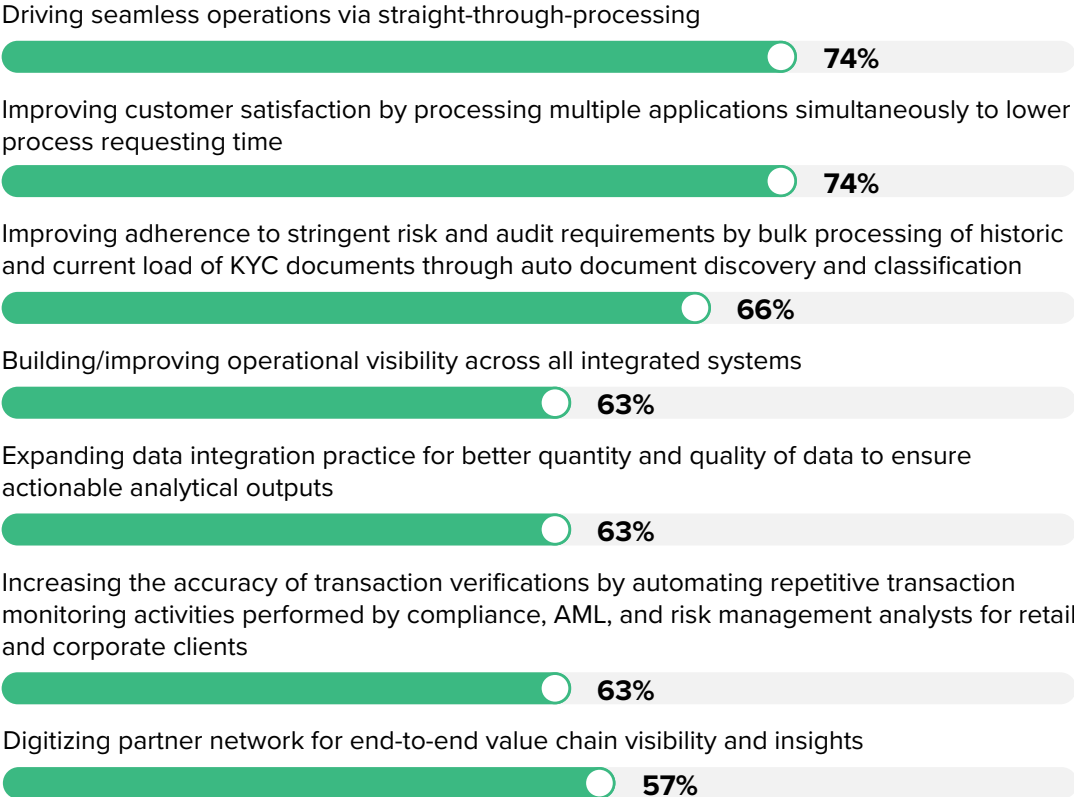


Base: 104 business and IT decision-makers at global BFS firms
 Note: Showing sum of responses for “Critical priority” and “High priority”
 Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

Banks need automation capabilities to ease increasingly difficult regulatory compliance. As regulatory demands rise, so does the relevance of digital transformation within the compliance toolkit of BFS firms. Two-thirds of respondents (66%) stated that their organization has improved adherence to stringent risk and audit requirements by bulk processing of historic and current load of Know Your Customer (KYC) documents with auto document discovery and classification. Another 63% said that they have automated repetitive transaction monitoring activities performed by compliance, AML, and risk management analysts for retail and corporate clients, thereby increasing the accuracy of transaction verifications (see Figure 2).

FIGURE 2

Top 7 Digital Transformation Use Cases In BFS Firms



Base: 104 business and IT decision-makers at global BFS firms
 Note: Showing sum of responses for “Implemented” and “Expanding implementation”
 Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

Innovation fueled by insights, automation, and emerging tech is reshaping how BFS firms deliver value. BFS firms that aspire to be leaders must innovate with emerging technology. 3 in 4 decision-makers (75%) acknowledged this by highlighting that harnessing emerging tech to generate customer and business value is a top priority for them.

This mirrors Forrester's research which found that 77% of business and technology professionals at banks anticipate increasing their spending on emerging technologies over the next 12 months, creating the potential for hype and a fear of missing out.³ Leveraging emerging tech such as generative AI and internet of things (IoT), has been found to enable improved and disruptive ways of delivering better customer outcomes and driving new business growth. Strikingly, business and IT leaders from future-fit organizations were found to be more than five times more likely than those from traditional ones to strongly agree that their organization experiments with new technologies to discover new business opportunities.⁴

Aside from architecting emerging tech initiatives, close to 9 in 10 of decision-makers (88%) stressed the importance of building an insights-driven business. By strategically seeding the use of insights across the customer lifecycle, firms are better able to differentiate their products and CX. For these firms, insights become a bedrock of innovation and competitive differentiation. This is evinced by Forrester's research which found that advanced insights-driven companies are more than 8.5 times more likely than beginners to report at least 20% year-over-year revenue growth.⁵

“Our digital transformation started in 2015 when our CEO then said that we’re going to start thinking like a tech company that acts like a bank. This paid off during the pandemic as we ended up being the only bank in the Philippines at that time to have capabilities supporting digital account opening. Since then, we have accelerated on piloting emerging tech that we think could help to leverage banks in the future.”

NFT PILLAR LEAD, BANK, THE PHILIPPINES

The Future Of Digital Transformation Is Connected, Automated, And AI-Driven

The trinity of connectivity, automation, and AI is evolving into a strategic mandate and a crucial imperative for the next frontier of digital transformation. Harnessing such technologies enable BFS firms to drive productivity improvements and enterprise agility. In our study, we found that:

AI-driven digital transformation promises to augment human potential and drive efficiencies in BFS firms. Forrester identified robots and automation as one of the four shocks that will prompt firms to continuously reinvent their workforce strategies throughout the 2020s.⁶ In the epicenter of it all lies AI, a product of data, technology, and algorithm that will pave a new pathway to the future of work by democratizing intelligence and insight across the workforce while optimizing workloads for humans.

Twenty-four percent of respondents from firms across industries had invested at least US\$10 million in AI in the past year. Notably, BFS firms have been quick to accelerate AI adoption and are 1.4 times more likely to have invested as much into AI (35%). Furthermore, close to 3 in 4 decision-makers agreed that connecting human and AI capabilities is the core need of their digital initiatives (72%) and ranked the use of AI-powered applications for operational efficiencies as a top outcome they desire from digital transformation (45%). BFS firms' laser focus on AI thus sets the stage for a new paradigm of work, where humans and AI can collaborate and play to each other's strengths to create greater value.

There are indicators that AI can inject magic into the workspace when wielded right — decision-makers from BFS firms recognized that leveraging AI can drive automation of internal processes (70%), increase employee productivity (72%), and improve operational efficiency (74%) (see Figure 3). A point that is further evinced by Forrester's research which found that the



BFS firms are **1.4 times** more likely to invest significantly in AI initiatives.

benefits of AI often accrue to workers and workforce-related processes.⁷

FIGURE 3

BFS Firms' Top 7 Perceptions Of AI



Base: 104 business and IT decision-makers at global BFS firms
Note: Showing sum of responses for “Strongly agree” and “Agree”
Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

BFS firms' secret sauce for successful digital transformation is connectivity. BFS leaders recognize that connectivity is indispensable to actualizing value from their digital transformation and emerging tech investments. Close to 3 in 4 decision-makers (73%) said that improving enterprise connectivity across business and IT functions is a key business priority for them in the next 12 months, while 79% stated that better business and IT connectivity is one of the core outcomes desired from their digital transformation initiatives.

Beyond enterprise connectivity, decision-makers also have their sights set on building connectivity across their partners. Nearly 2 in 5 respondents (39%) ranked optimization of the partner ecosystem through connectivity as a key outcome they hope to achieve from digital transformation. This underscores a growing demand by BFS firms to tap on their partner ecosystems for enhanced visibility (63%).

It is also important to highlight that connectivity, while no silver bullet, offers a beacon of hope to addressing data and network silos (28%), a perennial challenge impeding digital transformation in BFS firms. Seventy-three percent of decision-makers agreed that for digital transformation to be effective, connectivity across data and network silos must be established. Thus, 64% of BFS leaders state that their IT priorities for the next 12 months will revolve around improving connectivity across these silos.

“We are exploring ways we can leverage AI to service client needs. Moreover, to determine the client journey, behavior, and digital blueprint, you really need machine learning and natural language processing to pick up signals from clients and make the proper adjustments to an area like transaction verification.”

DIRECTOR, FRAUD OPERATIONS, BANK, SINGAPORE

Failure To Address Transformation Challenges Is A Squandered Opportunity To Deliver Value

Digital transformations are notoriously difficult, and the foundation for a successful digital transformation starts with getting the basics right. However, most firms on their transformation journey are still grappling with the basics, to the detriment of the very business outcomes that they stake their transformation fortunes on.

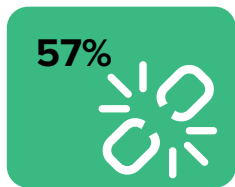
Success remains elusive despite BFS firms' heavy investments in digital transformation. Behind their annual slew of digital implementations lies a constant stream of investments being poured into transformation efforts — for 72% of surveyed decision-makers, this meant at least USD\$100 million in the past year. Yet, many of these efforts either fail or fall short of their intentions. Close to 1 in 3 business and IT leaders in BFS firms (31%) stated that less than half of their digital transformation investments translated into business value. A further 49% of respondents indicated that their organization's digital transformation efforts have not been very successful in achieving all their desired business outcomes at scale.

BFS firms struggle to muster the will for change management. Change resistance is derailing transformations at an alarming rate.⁸ With digital transformation exposing organizations to multiple dimensions of change, it is no surprise that 57% of BFS decision-makers ranked organizational silos and the implementation of new processes and capabilities as top challenges impeding their execution of digital transformation. If left unaddressed, they may divert scarce resources to manage internal politics, arouse endless debates about priorities, and result in scope creep. While investments have yet to falter, there are early signs that BFS firms' appetite for transformation might be waning. As compared to the averages across other industries, BFS firms are more likely to cite the lack of funding (50% vs. 42%) and executive-level sponsorship (48% vs. 41%) as key barriers to digital transformation (see Figure 4).

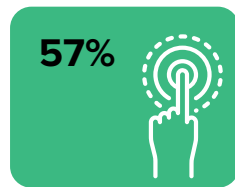
Nearly half of respondents from BFS firms (49%) state that their digital transformation efforts have not been very successful in achieving desired business outcomes.

FIGURE 4

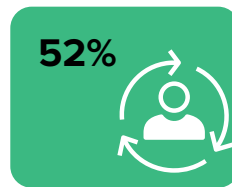
Top 7 Business Challenges BFS Firms Face In Executing Digital Transformation



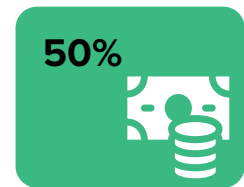
Organizational silos with conflicting priorities



Implementation of new processes and capabilities



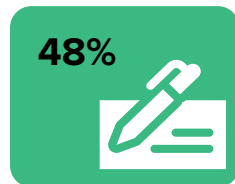
Lack of CX design



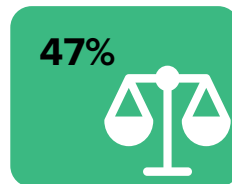
Lack of funding/
budget



High total cost of ownership that doesn't enable positive ROI



Lack of executive-level sponsorship



Legal/regulatory issues

Base: 104 business and IT decision-makers at global BFS firms

Note: Showing sum of responses for all options that were ranked within the respondents' top 5 business challenges

Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

Data issues and knowledge gaps paralyze transformation progress and AI advancement. Data and data governance are deal-breakers for the success of any tech strategy and digital transformation. Tactical data quality initiatives and project-based migration planning must be coupled with a holistic data strategy for impact. BFS firms, however, are still tested by their ability to prepare data to address transformation needs. Foundational data issues such as data security (44%) and data quality (39%) are cited as top technological challenges complicating transformation efforts. A lack of strategic perspective on data is also evident with piecemeal tech strategies (30%) selected as a key barrier.

Beyond data readiness, knowledge gaps also represent a challenge to BFS firms. Nearly 2 in 5 business and IT leaders noted the lack of tech skills or knowledge (37%) and lack of understanding of emerging technologies (35%) among the greatest impediments to their transformation journey (see Figure 5).

“The key challenge for us is data — how do we migrate and ensure that the data is portable? Without the ability to migrate portable data from and to different applications, we run the risk of disrupting services and incurring charges and fees during instances like outages.”

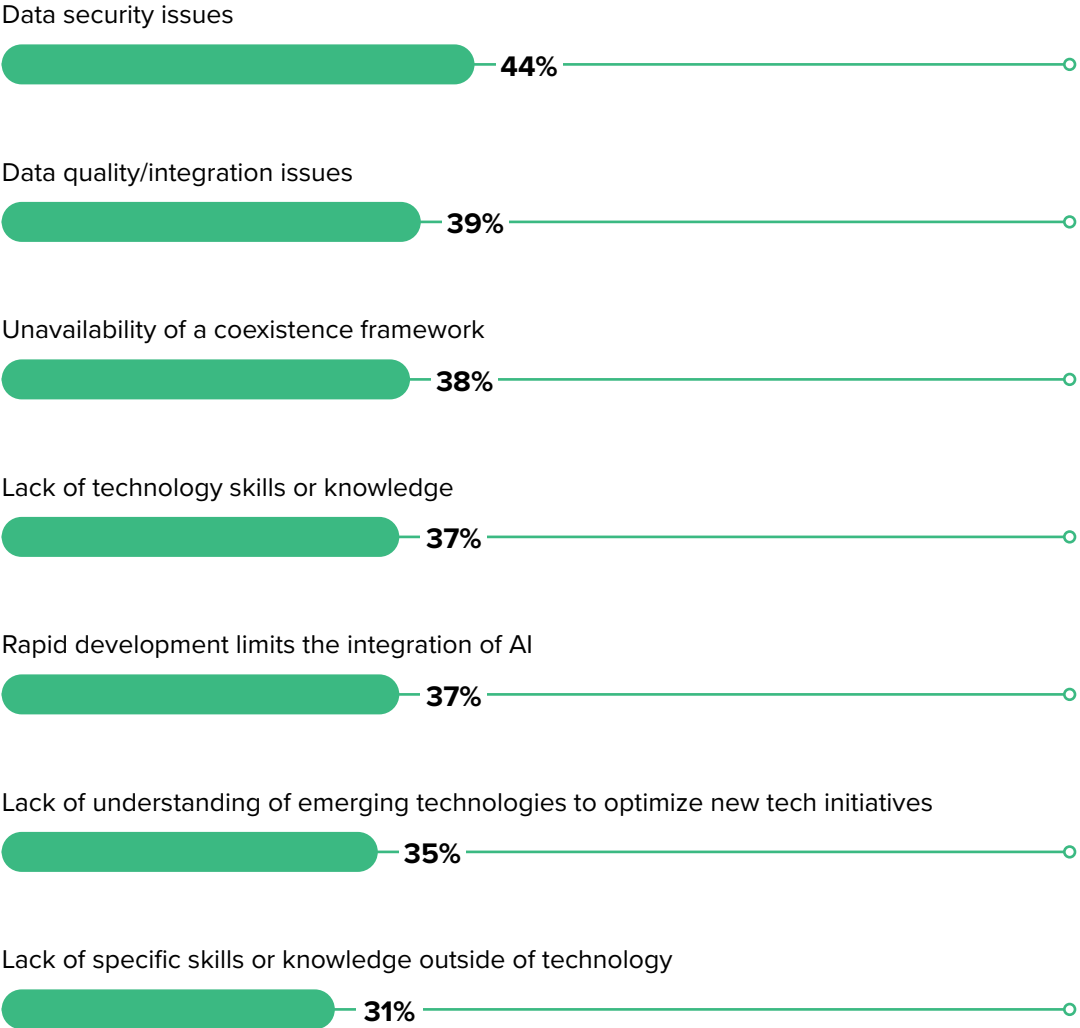
VICE PRESIDENT, BANK, USA

Similar obstacles confound BFS firms’ aspirations of scaling AI usage. Though high-quality data is essential for AI to be most effective, few BFS firms have data that is AI-ready. This is underscored by 33% of stakeholders who shared that they lacked well-curated and quality data to train an AI system (see Figure 6). A shortage of skills and capabilities also comes into sharp focus with BFS firms being more likely than those from other industries to cite scarcity of relevant built-in AI/ML capabilities of the chosen

digital platform or stack (38% vs. 32%) and skills to develop, implement, and operate AI solutions (35% vs. 31%) as their greatest challenges to leveraging AI at scale.

FIGURE 5

Top 7 Technological Challenges BFS Firms Face In Executing Digital Transformation



Base: 104 business and IT decision-makers at global BFS firms
Note: Showing sum of responses for all options that were ranked within the respondents' top 5 technological challenges
Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

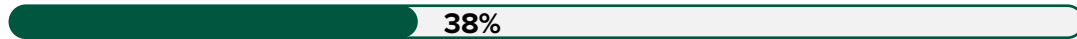
FIGURE 6

Top 7 Challenges BFS Firms Face In Scaling AI Usage

Technology is not mature enough yet



Lack of relevant built-in AI/ML capabilities of the chosen digital platform/stack, leading to fragmented strategy for AI



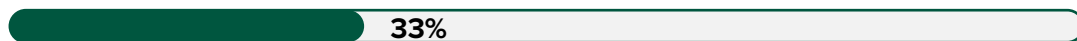
Introduction of new security threats



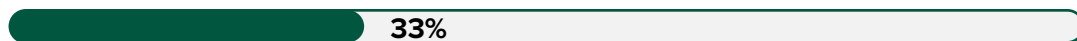
Lack of skills to develop, implement, and operate AI solutions



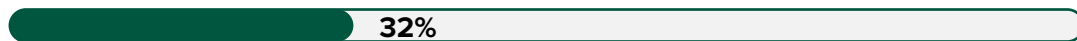
Inability to measure ROI associated with AI investments



Lack of well-curated and quality data to train an AI system



Lack of trust of AI-based systems among employees



Base: 104 business and IT decision-makers at global BFS firms

Note: Showing sum of responses for all options that were ranked within the respondents' top 5 AI challenges

Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

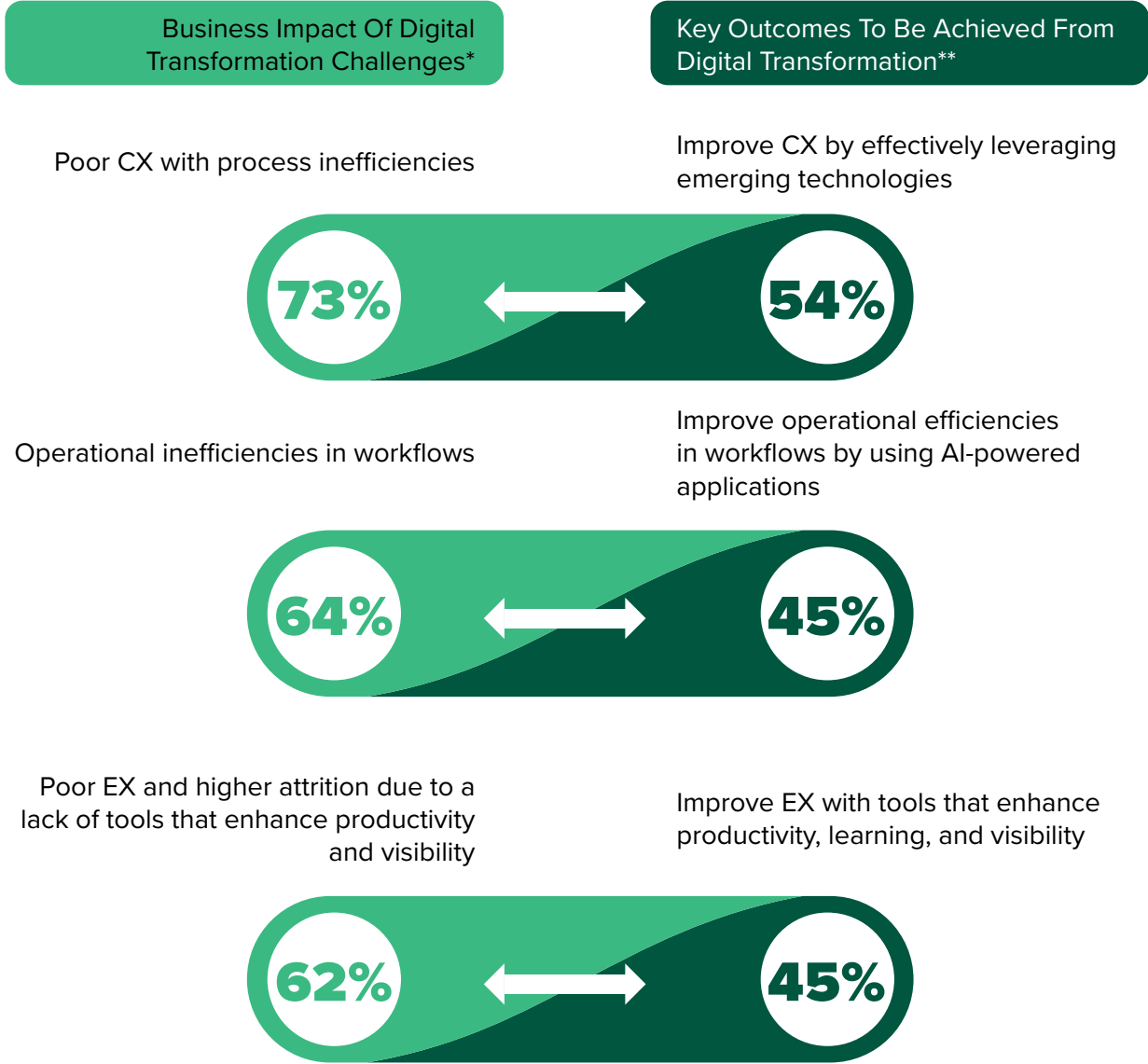
Stalled transformations are a malaise to the same outcomes BFS firms

pursue. Failure to navigate and address these challenges pose significant risks to BFS firms' transformation sprint, not least the actualization of desired business outcomes like CX, operational efficiencies, and EX. While 54% of BFS decision-makers consider the uplifting of CX a key outcome on their digital transformation checklist, 73% agreed that transformation challenges have instead eroded CX with process inefficiencies. Close to half of business and IT leaders (45%) deemed the enhancement of operational efficiencies and EX as important goals, but 64% suffered from inefficiencies in workflows and 62% witnessed higher employee attrition due to challenges plaguing

their digital transformation journeys (see Figure 7).

FIGURE 7

Digital Transformation Challenges Hinder Key Organizational Outcomes



Base: 104 business and IT decision-makers at global BFS firms

*Note: Showing responses for "Agree" and "Strongly agree"

**Note: Showing sum of responses ranked by respondents as top 5

Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

“One challenge for us in digital implementation is that some units in the bank are not really tech savvy. For example, our compliance and risk departments are very traditional and don't know anything about blockchain or crypto. Which is why we focus on educating and equipping our employees with the tech know-how on subjects like blockchain and AI so that we can collaborate better.”

NFT PILLAR LEAD, BANK, THE PHILIPPINES

BFS Digital Leaders Are Fluent In Leveraging Digital And AI For Growth

This study explored the factors that distinguish the leaders from the laggards in maximizing strategy, processes, and people to enhance connectivity. Improving connectivity better positions BFS firms to actualize desired customer and business outcomes through digital transformation. Our findings show that the level of maturity in the ability to connect systems and processes to improve business outcomes varies significantly (beginner, intermediate, and advanced) across firms in the BFS space.

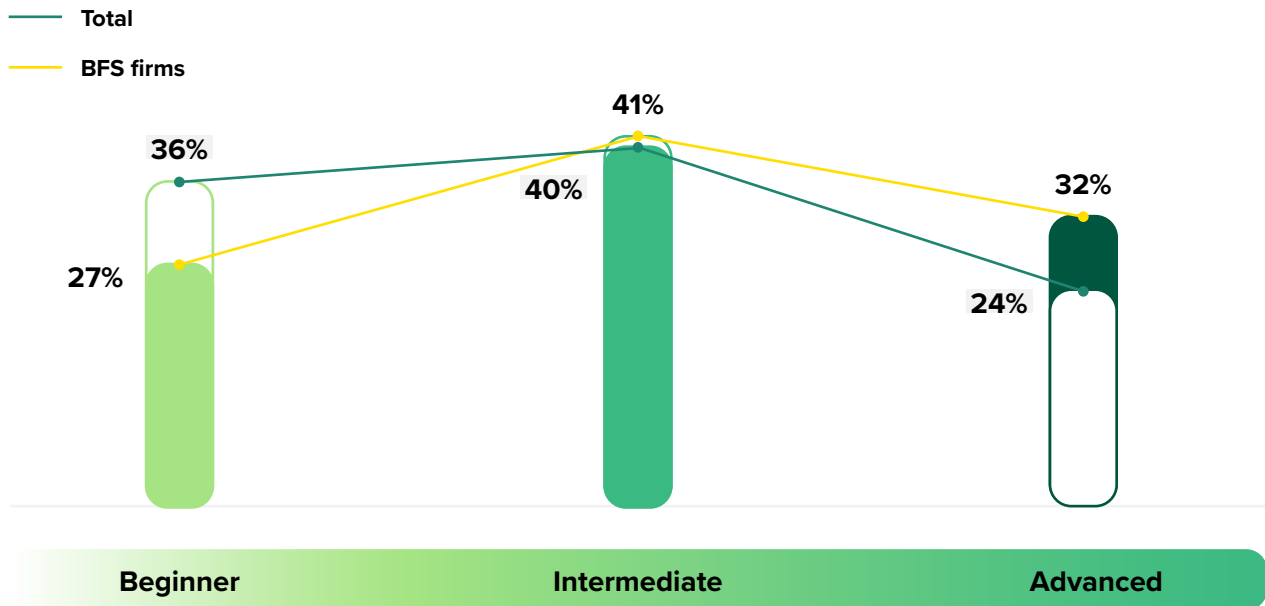
Competition heats up for BFS firms who are middle of the pack in digital maturity across industries. In line with firms of other verticals, the majority of respondents (41%) noted their organization is currently in the intermediate stage of connectivity. Firms that fall within this range are proficient, but falls short of their potential, at leveraging strategy, processes, and people holistically to improve connectivity for the realization of customer and business outcomes through digital transformation.

That said, it should be highlighted that across industries examined within this study, BFS emerged as the vertical with the largest distribution of firms perceived to be advanced (32% vs. 24%) in connectivity (see Figure 8). However, this should not be an impetus for BFS firms to rest on their laurels, for it only serves to underline the stiff competition they face in accelerating digital implementations and iterating upon them often to fuel their growth blueprint before their competition does.

Advanced BFS firms are 2.3 times more likely than their non-advanced counterparts to have executed active digital transformation initiatives in the past year.

FIGURE 8

Connectivity Maturity Distribution Of BFS Firms* Vs. Total**



*Base: 104 business and IT decision makers at global BFS firms

**Base: 630 business and IT decision-makers responsible for their business, IT, supply chain, and process automation strategy

Note: Maturity score is determined based on five maturity questions on firms' process, people and technology practices around digital transformation; minimum possible score is 0 and maximum possible score is 35; respondents achieved scores between 18 to 31 only

Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

Advanced BFS firms streak ahead in leveraging digital and AI strategically.

BFS firms that are advanced in connectivity trailblaze through their digital transformation roadmap. Not only are they ahead of the curve in execution with more than half (55% vs. 24% in non-advanced BFS firms) having carried out active digital transformation projects in the past year, but advanced firms are also more likely to have already assembled the essential starting blocks of transformation initiatives. Their counterparts within the beginner or intermediate stages are, in contrast, more likely to concur that their transformation efforts have so far been isolated to migration towards a cloud-first architecture (56% vs. 39% in advanced BFS firms) and that articulation of the business impact from digital transformation remains in the

pipelines (65% vs. 52% in advanced BFS firms).

Aside from accelerating transformation efforts, advanced BFS firms demonstrate that they are more adept at leveraging AI for impact. More than 3 in 4 respondents from advanced firms (76%) agreed that AI can help to connect tech stacks for business change vis-à-vis 59% of those from non-advanced firms. AI usage can also be channeled towards avenues like conversational AI within intelligent agents to reduce the interaction burden on consumers, thereby enhancing CX for BFS customers.⁹ This is reflected in respondents from advanced BFS firms (88%) being more likely than those from non-advanced firms (73%) to agree that leveraging AI can help to drive CX.

Platforms are a vital conduit of digital and AI capabilities for advanced BFS firms. Building a future fit technology strategy through platforms, practices, partners, and people is essential for driving customer-obsessed business growth.¹⁰ To achieve this, advanced BFS firms have assembled strategic technology platforms that bring the most value to their companies and their customers. More than half of advanced BFS firms (58%) believe that adopting a platform-based strategy that unifies and orchestrates business and technology will drive their transformation agenda. Across varied channels to access AI capabilities, a platform-based approach is also the primary choice for advanced BFS firms who are more likely than their non-advanced counterparts to leverage pre-trained AI models through third-party platforms (61% vs. 49%).

The more digitally mature BFS firms are, the more strategic the outcomes they seek. Digital maturity begets differentiated goals. BFS firms at the advanced stage demonstrate that they are better positioned to leverage insights for customer obsession at scale. They are more focused on CX than ever — respondents from advanced BFS firms are more likely than their peers from non-advanced ones to state that they aim to boost CX by capitalizing on emerging tech (61% vs. 51%). They also count enabling an insights-driven culture (55%) and technical scalability (48%) among top outcomes they are in pursuit of through digital transformation. Non-advanced BFS firms, on the other hand, are still working on getting things

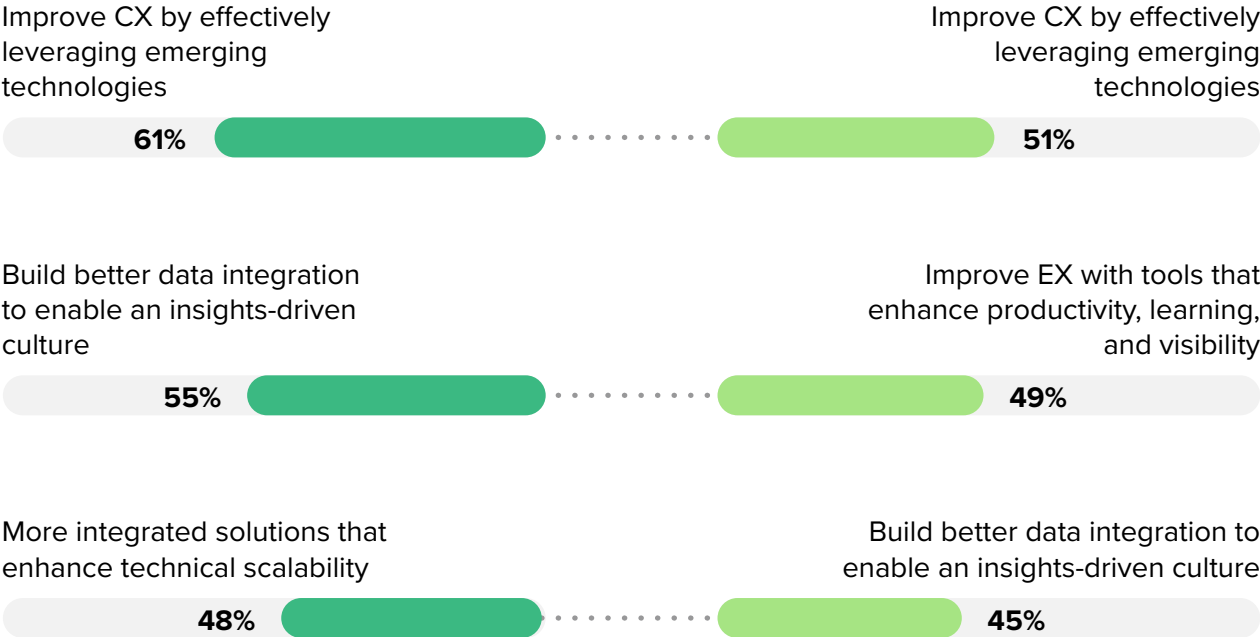
right internally by focusing on enhancing EX (49%) and bridging silos (45%) (see Figure 9).

FIGURE 9

Top 3 Outcomes From Digital Transformation For Advanced Vs. Non-Advanced BFS Firms

Top 3 Outcomes For Advanced BFS Firms*

Top 3 Outcomes For Non-Advanced BFS Firms**



*Base: 33 business and IT decision-makers at global BFS firms that are considered advanced in their ability to connect systems and processes to improve business outcomes

**Base: 71 business and IT decision-makers at global BFS firms that are considered non-advanced (beginner and intermediate) in their ability to connect systems and processes to improve business outcomes

Source: A commissioned study conducted by Forrester Consulting on behalf of EdgeVerve, August 2023

Platforms Are The Catalyst For Transformation Success

Modern technology platforms are part and parcel of BFS leaders' future fit tech strategy as they accelerate time-to-value and provide advantages of scale and continuous improvement pipelines. Strategic platforms simplify how organizations build and assemble technology and shift the focus of customization to specific CX or game-changing operational improvements that give rise to efficiencies.¹¹

A platform-based strategy can accelerate BFS firms' connectivity, digital, and AI initiatives. BFS firms are increasingly looking to platforms to enrich connectivity: 54% of decision-makers stated that they will leverage a platform operating model approach to connect systems within their organization. The benefits that platforms can bring to BFS firms' digital transformation and AI sprints cannot be ignored. 2 in 3 business and IT leaders (66%) believed they can accelerate their transformation efforts by operationalizing a platform-based strategy that fuses both business and technology, while 55% shared that they will tap on platforms' pre-trained models to access AI capabilities.

BFS firms lean on platforms to plug ecosystem gaps in knowledge and capabilities. For BFS firms that engage platform-based vendors in their transformation efforts, top drivers stem from a keen awareness of where they fall short and the strategic role that platforms can play in complementing these areas. Nearly 3 in 4 BFS stakeholders (72%) indicated that platform providers are more knowledgeable of technology options and effective at organizing and coordinating the business and technology stakeholders in their firms. Fifty-nine percent of respondents acknowledged that they lack the budget to develop capabilities in-house — thus, 65% of respondents aim to maximize pre-built software and applications from their platform partners. Access to a wider ecosystem is also an integral driver; 71% of respondents said that the ability to access the technology partners of their providers is a primary reason for their engagement of platform-based vendors.

BFS firms prize platforms that empower connectivity for unparalleled CX and efficiencies at scale. 3 in 4 decision-makers (75%) prioritized platform

capabilities that ensure seamless connectivity and data flows. By expanding on data integration capabilities (80%), BFS firms hope to leverage intelligent automation (e.g., GenAI, NLP, RPA) to increase efficiencies (75%) and enable flexible scalability based on demand forecasts (81%). Such capabilities allow BFS firms to harness the power of connectivity (64%) for customer delight (71%) and efficiencies at scale (54%).

“Digital platforms and utilizing machine learning really come into effect and do the heavy lifting on analytics. When you're talking about millions of clients and millions upon millions of transactions and the need to break all these down into different variables that can be easily understood, the value comes from within the analytics and data itself that is available on a common platform.”

DIRECTOR, FRAUD OPERATIONS, BANK, SINGAPORE

Key Recommendations

Forrester's in-depth survey of business and IT decision makers yielded several important recommendations on how BFS firms can breathe new life into their digital transformation journey and target their desired business outcomes with precision:

Build connectivity that drives a customer-centric tech strategy.

BFS digital leaders who have ensured synergy between business needs and IT priorities have been more effective in driving effective change. This involves a strategic focus on aligning business and IT stakeholders regarding transformation priorities in the early stages, while also ensuring tools, systems, and metrics build toward enabling a connected enterprise.

Prioritize AI and automation capabilities that remain accountable to employee outcomes.

BFS digital leaders have advanced their focus on AI and optimized their automation tools and processes to drive more self-service at scale. An example would be utilizing automation for application processing, thereby reducing process requesting time for financial services customers. Such capabilities augment human potential, employee productivity and ultimately, CX.

Embrace emerging technologies with clearly defined use cases.

With the advent of new technologies such as GenAI, BFS firms are keen to understand how to leverage emerging tech to differentiate themselves. However, without a defined set of use cases and map of capabilities and outcomes, firms will be stuck without a clear strategy to prioritize the right emerging tech capabilities for business success.

Optimize partner ecosystems to drive accountability and efficiency while cocreating new approaches.

As BFS firms' digital journey is enmeshed in a myriad of partner networks, the complexity of partner ecosystems can be difficult to navigate in a way that primes BFS firms for scale, rather than hindering success. Catering to the partner ecosystem with right platforms that enable visibility and accountability can partner ecosystems to be strategic differentiators.

Leverage a platform strategy that enables you to capture value through efficiencies, insights, and growth.

The current shortfalls and gaps in digital transformation effectiveness have highlighted the need to strategically connect business, IT, and partner ecosystem priorities, while also enabling technical connectivity across systems, data flows, and operational processes to drive change. Adopting a platform-based approach that focus on building needed visibility across internal and external ecosystems, driving the automation agenda to build efficiency, and providing the insights for accountable decision-making can drive digital transformation initiatives toward the strategic differentiators they intend to be.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 104 decision-makers and in-depth interviews with three senior decision-makers from BFS firms in North America (US), Europe (UK, Germany, and France), and APAC (Australia and New Zealand, the Philippines, Singapore, and Vietnam) to evaluate digital transformation objectives and their effectiveness. The study began in August 2023 and was completed in September 2023. To read the full results of this study, please refer to the Thought Leadership Paper commissioned by EdgeVerve titled, “Reimagine Growth With A Platform-Centric Digital Strategy.”

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Appendix B: Demographics

REGION	
United States	50%
Australia	13%
Germany	12%
United Kingdom	8%
Singapore	5%
Vietnam	5%
France	3%
The Philippines	3%
New Zealand	2%

POSITION	
C-level executive	45%
Senior vice president/vice president	25%
Director	30%

ANNUAL REVENUE	
\$1 billion to less than \$3 billion	44%
\$3 billion to less than \$5 billion	19%
\$5 billion and above	37%

INDUSTRY	
Banking and financial services	100%

FUNCTION	
IT	74%
Business	26%

RESPONSIBILITY FOR STRATEGY	
IT	78%
Business	43%
Process automation	42%
Supply chain	11%

Note: Percentages may not total 100 due to rounding.

Appendix C: Endnotes

- ¹ Source: “[The State Of Digital Banking, 2023](#),” Forrester Research, Inc., March 16, 2023.
- ² Source: “[How Customer Experience Drives Business Growth, 2023](#),” Forrester Research, Inc., October 13, 2023.
- ³ Source: “[The Top Emerging Technologies In Banking In 2023](#),” Forrester Research, Inc., January 25, 2023.
- ⁴ Source: “[Architect And Deliver Emerging Technology](#),” Forrester Research, Inc., August 2, 2023.
- ⁵ Source: “[Build An Insights-Driven Business](#),” Forrester Research, Inc., January 27, 2022.
- ⁶ Source: “[The Artificial Intelligence Pathway To The Future Of Work](#),” Forrester Research, Inc., June 23, 2023.
- ⁷ Source: “[No More Jobs](#),” Forrester Research, Inc., May 31, 2023.
- ⁸ Source: “[The Realities Of Change Resistance To Digital Transformation](#),” Forrester Research, Inc., June 15, 2023.
- ⁹ Source: “[The Top Emerging Technologies For Digital Business In 2023](#),” Forrester Research, Inc., May 8, 2023.
- ¹⁰ Source: “[What Makes A Future Fit Platform Strategy?](#),” Forrester Research, Inc., May 11, 2023.
- ¹¹ Source: “[Future Fit Technology Strategy — Adaptive, Creative, And Resilient](#),” Forrester Research, Inc., September 27, 2022.

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