



Enterprise Digital Adoption in Banking and Financial Services | Pinnacle Model™ Analysis 2018: Harnessing Artificial Intelligence for Digital Leadership

Banking and Financial Services (BFS) - IT Services
Market Report – March 2018

Our research offerings for global services

▶ Market Vista™

Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

▶ Application Services

▶ Human Resources

▶ BPS | Banking Financial Services

▶ ITS | Banking Financial Services

▶ BPS | Healthcare & Life Sciences

▶ ITS | Healthcare & Life Sciences

▶ BPS | Insurance

▶ ITS | Insurance

▶ Catalyst™

▶ IT Services Forecaster™

▶ Cloud & Infrastructure

▶ Locations Insider™

▶ Customer Experience Management Services

▶ PricePoint™

▶ Digital Services

▶ Procurement

▶ Engineering Services

▶ Recruitment & Talent Acquisition

▶ Finance & Accounting

▶ Service Optimization Technologies

Subscription information

- This report is included in the following subscription(s)
 - **Banking, Financial Services & Insurance (BFSI) ITO**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment



Corporate Headquarters

Office: +1-214-451-3000

info@everestgrp.com



European Headquarters

Office: +44-207-129-1318

unitedkingdom@everestgrp.com



Delhi Office

Office: +91-124-284-1000

india@everestgrp.com

Table of contents (page 1 of 2)

Topic	Page no.
Research background	5
Executive summary	9
Section I: Characteristics of Digital Pinnacle Enterprises™ in BFS	13
• Everest Group's Pinnacle Model™	14
• Culture	19
• Digital metrics	20
• Digital sales channels	21
• Data & analytics	22
• Innovation	23
Section II: Digital adoption trends in BFS: focus on artificial intelligence	24
• Increase in digital budget	25
• Key barriers to digital strategy	26
• Digital metrics	27
• Digital decision makers	28
• Digital funding	29
• Skill gaps vs. technology adoption	30
• Technology priorities	31
• Use cases in AI	32

Table of contents (page 1 of 2)

Topic	Page no.
Section IV: Implications	36
• Investment in five key capabilities	37
Section V: Demographics	44
• Geography and global annual revenue	45
Appendix	46
• Glossary of terms	47
• BFS IT services research calendar	48
• References	49

Background of the research

Technology disruption, rise of millennials, and competitive marketplace are leading to disintermediation in the value chain and business model of traditional banks. To keep pace with the digital change, banks are aligning with digital-first operating models, adopting cutting-edge technologies, and fostering new digital-savvy culture.

Moving to digital innovation requires executing big changes in strategy, operations, and organization, impacting the entire enterprise. As the pace of digital transformation intensifies in few enterprises, it produces leaders and laggards. Within this context, we have what differentiates Digital Pinnacle Enterprises™ from their peers.

To better understand enterprises' digital strategies, Everest Group conducted a study of 55 banking and capital markets organizations across North America, Europe, the United Kingdom, and Asia Pacific. We identified 18 key dimensions in which enterprises are making investments for digital transformation, and further identified five key dimensions where Digital Pinnacle Enterprises™ in BFS differentiate and reap higher returns than the industry average. We evaluated enterprises on capabilities such as strategy, organization and talent, process transformation, technology adoption, and innovation. This report presents key findings from this digital enterprise study.

Scope of this report:

- **Market segment:** Digital services
- **Geography:** Global
- **Industry:** Banking and Financial Services (BFS)

Sources leveraged:

- Everest Group's survey of 55 BFS enterprises with US\$1 billion or more in global revenue
- Survey was taken by Director, VP, and CXO-level executives
- Expert analyst inputs
- Previous Everest Group research

Overview and abbreviated summary of key messages

To better understand enterprises' digital strategies, Everest Group conducted a study of 55 banking and capital markets organizations across North America, Europe, the United Kingdom, and Asia Pacific. We identified 18 key dimensions in which enterprises are making investments for digital transformation, and further identified five key dimensions where Digital Pinnacle Enterprises™ in BFS differentiate and reap higher returns than the industry average. We evaluated enterprises on capabilities such as strategy, organization and talent, process transformation, technology adoption, and innovation. This report presents key findings from this digital enterprise study.

Some of the findings in this report, among others, are:

Key takeaways

- Innovation-driven culture, quantifying impact of digital effectiveness, digitizing sales channels, leveraging the power of data, and proactively collaborating with FinTechs are key differentiators of Digital Pinnacle Enterprises™ in BFS
- They are aggressively investing in Proof-Of-Concepts (POCs) and pilots on new technologies
- Next-generation technologies such as cognitive & Artificial Intelligence (AI), Robotics Process Automation (RPA), big data, and cybersecurity are witnessing scaled demand
- Digital Pinnacle Enterprises™ in BFS face cultural resistance, legacy processes, and talent retention/acquisition as key barriers in their digital transformation journey

Key characteristics of Digital Pinnacle Enterprises™ in BFS

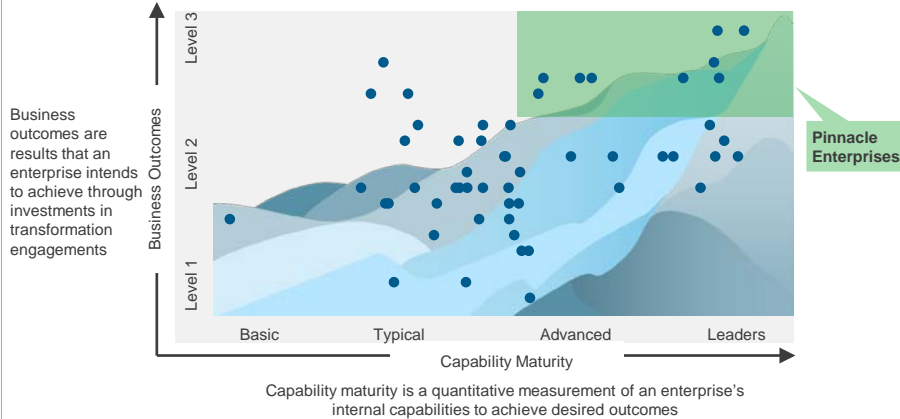
- Around 89% of Digital Pinnacle Enterprises™ in BFS have invested extensively in adopting an innovation-focused culture
- About 89% have invested or in some ways exploring use cases for cognitive and AI technologies
- Close to 78% of Digital Pinnacle Enterprises™ in BFS use innovation fund value to measure success of digital initiatives
- Sixty six percentage of Digital Pinnacle Enterprises™ in BFS plan to increase their digital budgets for the next year by more than 10%

This study offers a deep dive into digital adoption by BFS enterprises; below are four charts to illustrate the depth of this report

Digital Pinnacle Enterprises™ in BFS

Key digital barriers

Percentage of respondents



Key differentiators



Culture maturity

Percentage of respondents



89% Digital Pinnacle Enterprises



37% Industry average

Digital Pinnacle Enterprises™ in BFS

- Extensive focus on adopting an innovation-driven culture
- Invest in / partner with FinTechs to source new ideas and drive innovation across product/services portfolio
- Establish a centralized team responsible for sourcing ideas from vendors, startups, employees, and customers
- Collaborate with decentralized teams focused on implementing digital strategy for different business units

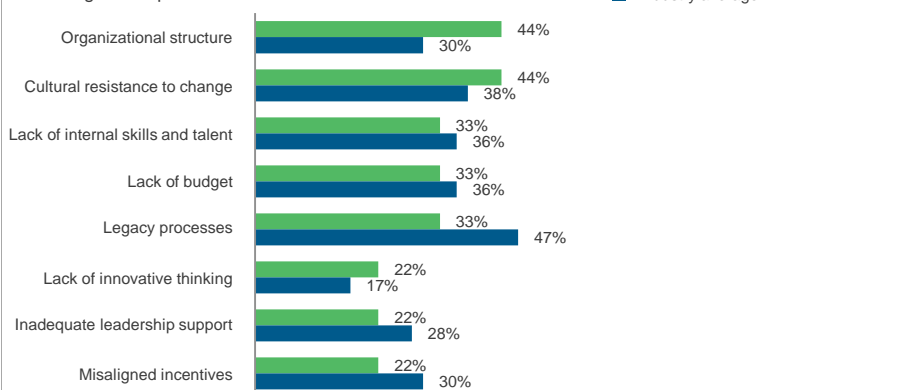
Digital Pinnacle Enterprises™ in BFS

- Ensure that a customer-value orientation is well-established across the business
- Propagate design thinking in organization's culture and leverage it to redefine business model, optimize processes, and develop new products and services
- Incentivize new ideas based on business impact
- Establish a portfolio view of innovation performance – enable increased risk-taking without retribution for individual failed projects

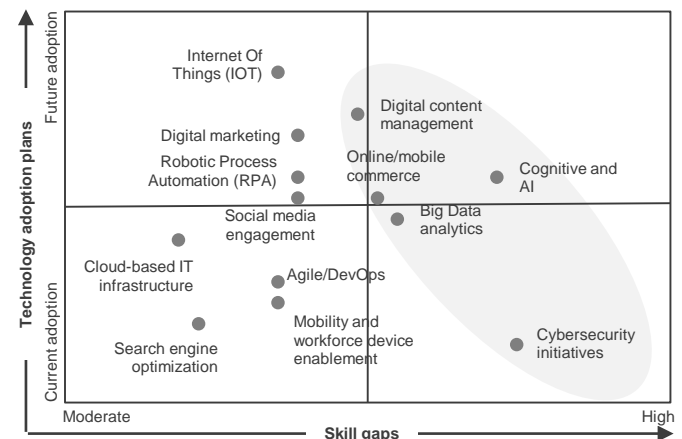
Barriers to adoption

Key digital barriers

Percentage of respondents



Skill gaps versus technology adoption



Research calendar – BFS IT Services

Published
 Planned
 Current release

Flagship reports	Release date
Banking & Capital Markets – ITO Transaction Activity and Market Trends Annual Report	Q2 2018
Capital Markets ITO Annual Report	Q2 2018
Application Services in Banking PEAK Matrix™ Analysis 2018	Q2 2018
Open Banking IT Services PEAK Matrix™ Analysis 2018	Q2 2018
Digital Effectiveness for European Retail Banks Pinnacle Model™ Analysis 2018	Q2 2018
Application Services in Capital Markets PEAK Matrix™ Analysis 2018	Q3 2018
Banking ITO Annual Report – Exploring adoption of Artificial Intelligence (AI) uses cases	Q3 2018
Digital Effectiveness for Wealth Management firms Pinnacle Model™ Analysis 2018	Q4 2018
Blockchain services in BFSI PEAK Matrix™ Analysis 2018	Q4 2018

Thematic reports	Release date
Enterprise Digital Adoption in Banking and Financial Services Pinnacle Model™ Analysis 2018: Harnessing Artificial Intelligence for Digital Leadership	March 2018
Decoding the Innovation Mandate for BFSI firms	Q1 2018

Note: For a list of all digital services reports published by us, please refer to our [website page](#)

Additional BFS IT services research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Digital Effectiveness in Retail Banking | Pinnacle Model™ Analysis** ([EGR-2017-11-R-2478](#)); 2017. In this report we analyze consumer-facing digital functionalities and the associated business impact for 30 large North American retail banks. These banks have been mapped on Everest Group's Pinnacle Model™, which is a composite index of a range of distinct metrics related to each bank's capability maturity in terms of various customer-facing digital investments and the resultant business outcomes
2. **Digital Services in Consumer Banking** ([EGR-2017-11-R-2464](#)); 2017. In this research, we present assessment and detailed profiles of 22 digital service providers featured on the digital services in consumer banking PEAK Matrix™. Each service provider profile provides a comprehensive picture of its service focus, key Intellectual Property (IP) / solutions, partnerships/alliances, and other digital and domain-specific investments
3. **Digital Services in Wealth Management** ([EGR-2017-11-R-2492](#)); 2017. In this report we present an assessment and detailed profiles of 18 digital service providers featured on the digital services for wealth management PEAK Matrix. Each service provider profile presents a comprehensive picture of the provider's service focus, key Intellectual Property (IP) / solutions, partnerships/alliances, and other digital & domain-specific investments

For more information on this and other research published by Everest Group, please contact us:

Michel Janssen , Chief Research Guru:	michel.janssen@everestgrp.com
Jimit Arora , Partner:	jimit.arora@everestgrp.com
Ronak Doshi , Practice Director:	ronak.doshi@everestgrp.com
Aaditya Jain , Senior Analyst:	aaditya.jain@everestgrp.com
Archit Mishra , Senior Analyst:	archit.mishra@everestgrp.com
Pranati Goswami , Senior Analyst:	pranati.goswami@everestgrp.com
Priyakansha Paul , Analyst:	priyakansha.paul@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-804-276-4533

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

Stay connected

Website



www.everestgrp.com

Social Media



@EverestGroup



@Everest Group

Blog

[Sherpas In Blue Shirts](http://www.sherpasinblueshirts.com)

www.sherpasinblueshirts.com